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Prague CSCE Session Examines Yugoslav Conflict

Unanimous 'Grave' Concern

LD2210232391 Belgrade TANJUG in English 1743 GMT 22 Oct 91

[Text] Prague, October 22 (TANJUG)—The situation in Yugoslavia was the main topic at today's regular session of the committee of senior CSCE officials, although the session was called to prepare a ministerial council meeting set for next January.

First speakers at the session were unanimous in the view that the latest development of the Yugoslav crisis was giving rise to grave concern because peace has not been established even after ten ceasefire agreements.

In contrast with the view expressed by the head of the Yugoslav delegation, Assistant Foreign Secretary Novak Pribicevic, that the relative calm in Yugoslavia gives hope that a continued political dialogue could bring about a peaceful solution, the heads of the Dutch and U.S. delegations assessed—as newsmen were told—that the newly-arisen situation makes it necessary to take new immediate actions.

The U.S. representative proposed that the committee set up without delay a special comission for human rights to tour all Yugoslav republics and determine the actual situation. If the proposal is accepted, which seems very likely, the commission would report back to the CSCE and The Hague conference as soon as possible.

The head of the Hungarian delegation sharply protested over the condition of the Hungarian minority in Yugoslavia and tried to convince the other delegations that (ethnic) Hungarians "are the most threatened section of the population." He claimed that two-thirds of the Hungarian minority had to emigrate from Yugoslavia.

Seconding the U.S. proposal to form a human rights comission, the Albanian representative alleged that (ethnic) "Albanians in Kosovo are also threatened."

This was the fourth regular session of the committee of senior CSCE officials, a body within the new structures set up by the institutionalization of the CSCE. The previous three were held last January, May and June.

Human Rights Mission To Be Set Up

LD2210231691 Prague CSTK in English 2056 GMT 22 Oct 91

[Text] Prague 22 Oct (CSTK)—The senior officials' committee of the Conference on Security and Cooperation in Europe (CSCE) decided at its meeting today to set up a CSCE mission to monitor the observance of human rights in Yugoslavia. The decision was made after the U.S. delegation proposed the (?second) of a CSCE observer to monitor human rights in Yugoslavia. The mission will operate in all six republics, subject to their consent. The leader of the mission will be appointed by the chairman of the CSCE Council of Ministers. The post is currently held by German Foreign Minister Hans-Dietrich Genscher.

The head of the Czechoslovak delegation, Ivan Busniak, told CSTK that for the first time in the course of the Yugoslav crisis the CSCE has taken the lead over the European Community in fielding initiatives. Busniak said it is also for the first time that the CSCE has set up its own executive body to report on the observance of human rights in one of its member states. The committee passed a resolution expressing concern over the continuing violence in Yugoslavia. Busniak said it contained a new provision under which the chairman of the senior officials' committee may call an urgent meeting of the committee without consulting with all 38 CSCE member states.

The session continues on Wednesday [23 October].

SFRY Envoy Criticizes Hungarian Remarks

LD2210232691 Budapest Kossuth Radio Network in Hungarian 2100 GMT 22 Oct 91

[Text] At the CSCE conference in Prague, the Yugoslav representative has accused Hungary of acting as if it were involved in the conflict, in response to (Zsuzsa Hargitai), head of a Foreign Ministry department, who said that the atrocities against Magyars in Yugoslavia are not ceasing. Yugoslav representative Pribicevic replied that the situation is difficult for everyone and in the same way and that the Hungarian allegation is exhibiting nothing other than the crude distortion of reality.

Founding, Structure of CEMA Successor Outlined

AU2210171291 Prague HOSPODARSKE NOVINY in Czech 21 Oct 91 pp 1, 16

[CSTK report: "After CEMA, VEST"]

[Text] Moscow— A new international nongovernmental organization, the East European Cooperation and Trade (VEST), which is to become successor to the former CEMA, was established in Moscow. This decision was made by the participants in the VEST constituent conference, which was held in the Soviet capital 18-19 October. The VEST's founders are some 100 enterprises and organizations from Bulgaria, Poland, Czechoslovakia, Hungary, the Russian Federation, the Ukraine, and Kazakhstan. According to the organizers, business circles from Germany, Greece, Italy, and Finland have also expressed interest in the new organization.

The VEST's main objective is to help overcome the economic crisis in the former CEMA member countries, especially in the sphere of trade, by promoting joint activity and trade among enterprises and entrepreneurs. At the same time, the new organization wants to assist in the transition of the East European countries' national economies to the market mechanism and in their integration into the world economic system.

According to the founders, the realization of this objective is to be facilitated by the creation of two main structures—The International Clearing Bank (MCB) and the East European Stock Exchange (VEB). The establishment of a network of trading houses is also planned.

Unlike the former CEMA, which was based on interstate relations and on the very strict regulation of relations among enterprises, the VEST is to be guided exclusively by market principles.

The [mandatory] contribution to the new organization's capital stock is $50,000 for foreign participants and 500,000 rubles for Soviet participants. Mutual clearing of accounts will take place by means of so-called foreign exchange certificates [devizovy certifikat], which, according to the organizers, will not be a new foreign exchange equivalent or a new medium of payment but will only entitle the holder to participate in trading on the VEB, through which all trade operations are to be implemented.

According to the founders, the VEST should not only make it possible to save from imminent bankruptcy many enterprises specializing in deliveries within the framework of international cooperation, but should also create a single economic space on the territory of the former CEMA countries. At the same time, in the long run it should establish prerequisites for the integration of the countries of the former socialist community into the global economic system.

Reaction to Kosovo Provisional Government Creation

Assembly Recognizes Government

AU2210133091 Tirana ATA in English 1318 GMT 22 Oct 91

["Statement of the People's Assembly of the Republic of Albania"—ATA headline]

[Text] Tirana, October 22 (ATA)—The People's Assembly of the Republic of Albania learned of the result declared by the Central Commission of the Assembly of Kosovo, which consists in the full success of the referendum for the approval of the resolution of this assembly, through which the Republic of Kosovo is defined as a sovereign and independent state, on the basis of freedom and complete equality with all the other peoples. The People's Assembly of the Republic of Albania considers the resolution completely right, legitimate and based on the fundamental international democratic principles such as the UN Charter, the Final Act of Helsinki and the Charter of Paris. The People's Assembly of the Republic of Albania was also acquainted with the decision for the creation of the new provisional government of the Republic of Kosovo, with Dr. Bujar Bukoshi as its chairman.

Through this historic act,the people of Kosovo, as the most ancient people and the third as for their number of the peoples living in their territories in Yugoslavia and their legitimate state power organ, the Assembly of Kosovo will go on making their contribution to the solution of the Yugoslav crisis through democratic means and to the consolidation of the democratic spirit and security of stability in the Balkans and Europe.

The People's Assembly of the Republic of Albania recognizes the Republic of Kosovo as a sovereign and independent state, on the basis of freedom and complete equality with all the other peoples. It also recognizes as legitimate the new provisional government of Kosovo Republic under the direction of Dr. Bujar Bukoshi. It appeals on the democratic international opinion and the CSCE member countries to recognize and observe the legitimate will of the Albanian people of Kosovo. This would be another proof of their sincere engagement and without prejudices for the correct solution of the Yugoslav crisis.

Bufi Greets Chairman Bukoshi

AU2210200791 Tirana Radio Tirana Network in Albanian 1900 GMT 22 Oct 91

[Telegram from Prime Minister Ylli Bufi to Bujar Bukoshi, chairman of the Provisional Coalition Government of the Republic of Kosovo; place and date not given]

[Text] Mr. Prime Minister, allow me to use the happy occasion of your appointment as chairman of the Provisional Coalition Government of the Republic of Kosovo to cordially express my wishes for your great success in this high and noble office.

I am convinced that you and the cabinet you lead will make maximum efforts to realize by democratic and peaceful means the fair aspirations of the Albanian people in Kosovo and Yugoslavia to be equals among equals and sovereign and independent in their own republic as part of an eventual alliance of sovereign states in the Yugoslav area, or in accordance with the new conditions and circumstances that will be created. In these efforts, you will have the full and constant support of the Republic of Albania and its government.

I avail myself of this opportunity to express the desire to establish close and fraternal relations between the government of the Republic of Albania and the Republic of Kosovo, in the interests of the just national cause, peace, and democracy in the Balkans and Europe.

Democrats Welcome Decision

AU2210201091 Tirana Radio Tirana Network in Albanian 1900 GMT 22 Oct 91

[Democratic Party statement issued in Tirana on 22 October]

[Text] The Democratic Party warmly welcomes the historic decision of the legislature of the Republic of Kosovo to create the Republican Government headed by Dr. Bujar Bukoshi. This legal act of the legislature, based on the result of the September referendum, is another measured and important step in the efforts of this part of the Albanian nation in Yugoslavia to win human and political rights and to fully constitute the Albanian state there. This decision, made under the conditions of chauvinist state repression and violence, is, among other things, a testimony to the democratic maturity of the Albanian people.

The Democratic Party has recognized the Republic of Kosovo since its creation. It has long made efforts to ensure its recognition by the Albanian state and is therefore pleased by the People's Assembly's recognition of the Republic of Kosovo and its government headed by Bukoshi. The Democratic Party will make efforts to ensure that the Albanian Government, too, will express its recognition of the Kosovar Republic and Government as soon as possible. The Democratic Party commits itself to using all of its influence in the international arena and among its political partners to sensitize public opinion in favor of the recognition of the Kosovar state.

The Democratic Party repeats once again that the solution of the Yugoslav crisis cannot be just or conclusive without the participation of the legal representatives of the Albanian nation.

Alia Holds Talks With Italian Leaders in Rome

AU2210112791 Tirana ATA in English 0906 GMT 22 Oct 91

[Text] Tirana, October 22 (ATA)—The president of the Republic of Albania Ramiz Alia paid a working visit to Italy on October 21, at the invitation of the president of the Italian Republic Francesco Cossiga.

On October 21 he was received in Quirinale by the president of the Italian Republic Francesco Cossiga. Attending the negotiations held at the presidential seat were the prime minister, Giulio Andreotti; the secretary general of the Foreign Ministry, Bruno Botai; and other senior officials of the presidency and government.

The first to take the floor was President Cossiga, who wished welcome to the respected Albanian friend and said that his visit to Italy gives a new impulse to the Italian-Albanian relations. He expressed his pleasure over the reliable steps of this friendship as well as of the democratic process in Albania, laying once again the stress on the fact that Italy will support Albania to overcome the natural difficulties in this period of transition.

President Cossiga also expressed his worry over the situation in Yugoslavia, the crisis that has gripped it, whose solution, he said, should be carried out only by means of democratic and peaceful ways, observing the right of peoples for self-determination.

Taking the floor President Ramiz Alia thanked President Cossiga for the invitation as well as for the contribution he has made to Albania for carrying out the democratic transformations and applying the economic reform. He voiced the gratitude for the human stand of the Italian Government towards the Albanian girls and boys, who forced by the difficult economic situation, emigrated to Italy, where in general they found a warm and human treatment. He asked President Cossiga and Premier Andreotti to increase the care for their employment, education, the living and working conditions so that they decently integrate themselves to the Italian society.

Speaking of the situation in Albania, President Ramiz Alia spoke of the consistency of the irreversible steps on the road of democracy and the switch onto the market economy. In this respect, he stressed, the need of the economic stability of the country is evident, hence the rates of the Italian contribution for raw materials,investments etc., should [be] intensified by all means so that the Albanian economy start functioning normally.

Further on, speaking of the situation in the Balkan region, the relations with the neighbours, President Alia stressed that the relations are rather complex. Crisis continues in Yugoslavia, this brings to the fore the threat for new conflicts. The solution of the Yugoslav crisis cannot be partial, not observing the principle of self-determination of the peoples, he said. The problem of the Albanians living in Yugoslavia is rather sharp in particular. He forwarded and backed up the three alternatives of the Albanian political parties in Yugoslavia for the solution of this problem.

If the Yugoslavia's foreign and internal borders do not change, the Republic of Kosovo should exist as sovereign and independent state, enjoying the right to join the league of the sovereign states in Yugoslavia. The parts of the Albanian people living in Macedonia, Montenegro and Serbia will have the status of the state-forming people and all the rights deriving from this.

If the external borders of Yugoslavia do not change, but the interior borders among the republics change, then the Albanian republic in Yugoslavia, built on the basis of the ethnic principle and of the other principles valid for the Serbs, Croatians, Slovenes and other peoples of Yugoslavia, is requested.

If Yugoslavia's exterior borders change, then the Albanian people in Yugoslavia, by means of plebiscite, will decide on the unification of the territories on which Albania lives and hence the Albanian integral state in the Balkans will be created in its ethnic borders.

There was full understanding during the talk.

After the talks with President Cossiga and Premier Andreotti in the presidential palace Quirinale an official dinner was given during which toasts were raised and greetings were exchanged.

On October 21, the president of the Republic of Albania, Ramiz Alia and the persons accompanying him returned to Tirana.

Pashko Presents Economic Reform Program

AU2210183791 Tirana Radio Tirana Network in Albanian 1930 GMT 21 Oct 91

[Speech by Deputy Prime Minister Gramoz Pashko to the People's Assembly in Tirana on 21 October—recorded]

[Text] Our country has been struck by a severe economic crisis, all of whose symptoms began in 1986, when the first falling production figures were observed. Throughout the subsequent period, social production fell continually, at an average rate of 1.6 percent a year until 1990. During the past year, the crisis has become truly drastic. The Albanian economy ran out of all control, and, in this year alone, production has fallen almost by half in both industry and agriculture. Many political measures that were economically entirely unjustified have exacerbated the chaos, and, instead of introducing reforms, have worked against them. These include the introduction of 80-percent pay for workers when their enterprises do not function, a measure that left the gates open for enterprises to lapse into (?fatalism). Data for the first six months of this year alone show that 6.4 million man-days were paid at a rate of 80 percent, and, if we add the absenteeism of about 600,000 persons and about 2 million working days lost through strikes, this

has meant that lost production due to these factors alone amounts to about 180 million leks. Alongside these factors, labor productivity has been 81 percent lower than last year, at a time when the average wage has risen 18 percent.

After the approval of the Law on Enterprises in May 1990, enterprises were permitted independent financial and trading activities that were not accompanied by the necessary imposition of strict financial control and taxation and monetary restrictions on them. The enterprises became the property of no one. No one was responsible for them, and, at the same time, the enterprises were totally unable to operate. The state subsidies that had hitherto been supplied were mainly replaced by bank subsidies. Enterprises could easily obtain unjustified credit, even for wages, and even for 80-percent wage payments, and thus obtained credit that merely increased the amount of money in circulation, without any associated production. The debts of the enterprises—in other words, the debts of no one to the bank—increased. According to calculations, the amount of credit supplied in 1990 alone was 10.5 billion leks, of which more than one-half can be considered lost beyond hope of reclaim.

Later, totally without any basis in productivity, the decision was made to raise wages, without anticipating the inflationary effect this would have. All of these things have meant that, in the course of this year, the centralized economic system has functioned in a totally chaotic fashion. No planned targets have been achieved. At this time, an enormous flood of money has been in circulation. The failure to achieve the state's planned revenue—in other words, the failure to fund the budget—has become veritable gangrene. The absence of any kind of fiscal restriction has meant that a budget deficit of 3.2 billion has been inherited since 1980, to which a further 1.2 billion leks were added in the first eight months of 1991. Despite the restrictive measures taken in August, it is thought that this deficit could grow, from the figure of 2.5 billion leks, according to calculations we made yesterday evening, to 3.3 billion leks.

Thus, the budget deficit, which had been reckoned on the basis of figures for the eight-month period, if calculated on nine months' figures, could, if extrapolated, reach 3.3 billion leks. This means that the budget deficit, the balance of the state's domestic economy, will be 47 percent of the budget revenue of 1991. This means that all of our own and our economy's consumption is bought with money that is not matched by domestic production. In other words, this means we are supporting ourselves solely on the consumption of humanitarian aid.

Throughout the period under discussion, the state's reserves were totally consumed. The new National Stability Government found them entirely empty. The foreign debt made the collapse total, especially the losses incurred in spot operations—that is, trading on the currency market—which, among other things, ruined our bank credibility and made our country face a genuine embargo. I will cite a few figures. From these operations alone, a loss of $170 million has been calculated, which has barred the doors of more than 80 merchant banks to us, being a matter of small sums taken from many banks that will no longer agree to conduct any transaction whatever with Albania. These are the main banks, as you know, of Italy, Austria, Switzerland, France, Germany, Britain, Greece and other banks. We have small debts to all of these merchant banks, incurred solely as a result of these operations.

Spontaneous privatization has been another factor. This has hindered our smooth departure on the road of economic reform and, especially because of the social tensions to which it has given rise, has prevented the arrival of foreign firms. It is a fact today that very few foreign firms have genuinely started to operate in Albania. Similarly, spontaneous privatization created large-scale confusion that has especially obstructed the reorganization of agriculture. It is clear to everyone that the essence of this crisis lies in the economic system. Centralism created an ineffective economy, unable to compete, unable to achieve production of the proper quality in the proper quantity, incapable of producing for export, and incapable of encouraging people to work and to earn wages to give themselves a better life.

The country's grave economic and social condition, in short, was not created today but was inherited from the past and belongs to us all. Albania belongs to us all, and its economy belongs to us all. If it is revived, we will all benefit. If it is destroyed, it will take us all down with it.

There are two ways out of our economy's present situation. We can attempt to reactivate existing industry, which has now been half-devastated by the crisis. This, put another way, means trying to revive those structures that, even before, operated largely at a loss, with imported raw materials, with low productivity, and with very poor quality products—in other words, those very same industries that led to our poverty and physical and moral ruin. Such an attempt to revive this industry would, in our view, be the road to suicide.

The second road means starting to build the new structures of a new economy, which will be competitive, with genuine incentives and motivation to work, and with productivity and prosperity for everyone. This is an economy that involves a guaranteed freedom for the individual to produce and sell at competitive prices freely established by the market. This demands the freedom for every individual to introduce new technology and to export profitably. This calls for people to take the risks of profit and loss. This new economy must be introduced in what I would call three main stages: first, measures to stabilize the economy; second, liberalization and the creation of a market; and third, privatization.

First, stabilization demands the start of a struggle against hyperinflation. How do we intend to combat hyperinflation? It is true that hyperinflation is still not evident to

its full extent. This is because prices are still frozen, and we have continued food rationing. It is at present evident in the pressure of the amount of money in circulation, which is very close to total national earnings. This means that, if our economy starts to grow under optimal conditions at 5 percent a year and no more money is put into circulation, it will take about five years to reestablish a balance between the amount of money in circulation and national earnings. This means that, if we do not restrain price rises now, there will be galloping inflation for five successive years. We have made the relevant calculations. To the extent that inflation now exists, if we do not act to restrain it now, our debased currency will prevent our economy from recovering its health for several years. Thus, the effect of putting extra money into circulation will be devastating not only for today but also for tomorrow. The rate to which inflation has now climbed is preventing new investment and everything connected with the reform of our economy into a market economy. As a result, it will not be possible to stabilize unemployment for a long time, and the social consequences of inflation will be as grave as the economic consequences.

To our mind, the struggle against inflation must concentrate on several main directions:

First, inflation may be combated by restricting the increase of money in circulation and any increase in the money spent on financing loss-making enterprises. Stopping this form of finance means that enterprises will begin to aim at production on the basis of profitability and to produce to the quality and at the price the market demands. Calculations made in the past two years show that 250 loss-making enterprises have losses equal to their total wage funds. Their losses are 1 billion leks, and their total wage fund amounts to 1 billion leks. Thus, the increase of money in circulation can be restrained by an extremely strict monetary policy. This monetary policy consists of the imposition of rigorous measures on the granting of credit. The banks must be freed of the administrative burden of giving unguaranteed credits, credits that are given only because of instructions. We are planning a law that will not permit grants of credit above a certain limit, which the statute of the bank will determine on the basis of the economic figures of the enterprise to which the credit is given.

One of the suggestions we can offer today is that credit should not be given beyond the resources of what we have so far called the enterprise's turnover, and that this credit should be short-term and must be cut off as soon as its repayment date passes. What assets remain to an insolvent enterprise must be sequestered, and the bank will declare its debtor insolvent, putting the enterprise up for auction, after which it may be closed. We will draft a new law on this problem.

As a result, the closure of an enterprise, or, under certain legal conditions, its bankruptcy, will mean that its employees are placed on social assistance.

We are now thinking of creating several banks to be independent of each other, such as a merchant bank, and the savings bank and agricultural bank that have now been approved. All of these banks are given the opportunity of competing on the basis of the mechanism of interest rates, which encourages the banks to improve their efficiency. In this way, we encourage banks to attract deposits and not to issue what we call easy credit without restrictions, which primarily places the banks themselves at risk. Under such new conditions, the central bank must stop the mercantile activities it has hitherto engaged in and must be transformed into a watchdog of monetary policy. It will be achieved through its rates of interest compared with those of the merchant banks. Changing the central bank's interest rate as against the operations of the merchant banks will favor the application of an anti-inflationary monetary policy.

The second main direction is balancing the budget deficit. As is well known, the National Stability not only inherited a large deficit of 3.2 billion leks from last year but it also was forced to add 1.7 billion leks to this by issuing money, providing social insurance, and subsidizing agricultural prices up to the end of September 1991. Meanwhile, budget revenue has been minimal because of the lack of production and the failure of enterprises to pay their dues. Budget revenue has been only 35 percent—excuse me, 85 percent less than forecast. [sentence as heard] Such a budget deficit means that the state is in no position to make new investments as long as private entrepreneurs have still not entered the economy.

Still more unfortunately, the state is not in a position to adequately finance such primary necessities as social and cultural services, health, defense, public order, housing, schools, public catering, and so forth. Above all, such a deficit means that the state is not even able to create funds for social assistance.

A state solely with deficits and without revenue is bankrupt. Therefore, stopping the expenditure of money from a state treasury that is receiving no revenue is a necessary condition for reviving the economy, for bringing it back to life.

Revenue for the state budget may be realized by rigorous taxes on the enterprises, which, under present conditions, would lead to their mass closure. Considering such a step to be premature, the government has considered various other ways of balancing the budget, such as introducing taxes on fuel and electricity; paying into the budget all the earnings from food aid; cutting investment and administrative expenses; banking the earnings from privatization, from which, according to the instructions that have been issued, local budgets will also benefit; and trying to use foreign state credits. Opening a [words indistinct] and with securities is, in our view, at present technically impractical. Nor do we see it as possible to realize such a thing in the immediate future.

Third, steps must taken to stimulate supply—that is, to increase production. We have concentrated on certain

measures that are necessary to liberalize the work of enterprises, freeing them from the administrative framework of the plan. In the period of transition until the market economy is achieved, the state enterprises will be freed from compulsory contracts and territorial demarcations. This involves a group of laws that have been submitted for approval, such as the Law on Enterprises, the Law on Pay, and the Law on Contracts and Obligations, which constitute an intermediate solution and put the state enterprises in a stronger position. The freedom of the enterprises in the field of exports and imports was also stimulated by the devaluation of the currency on 10 September. However, if the enterprises are to be in a position to work, various essential macroeconomic legal measures must be taken, such as price liberalization; the regulation of taxes to stimulate enterprises; the right of enterprises, in the microeconomic sense, to determine their own wage structures; the liberalization of foreign trade; and so forth.

Strict taxation regulations have been planned for enterprises, alongside the possibility of their bankruptcy and the way in which they will be declared bankrupt. The enterprises must be given the authority to decide their own production structures, to sign contracts themselves, to sell at prices according to supply and demand, to distribute a share of their profits to their workers by calculating their costs on market principles and paying their taxes, and to determine their own wage levels and the number of workers they employ. Enterprises will be given full authority to make investments. It is planned that they will be managed by administrative councils. In this way, we plan for an increase in enterprises' responsibilities when faced with the social problems that profits, wages, and bankruptcies involve.

We can say that these measures have carried out a certain amount of reform in the direction of creating a market. However, this is a preliminary solution preparing for the privatization of the enterprises, which will bring a final solution to this problem.

The fourth aspect of liberalization concerns exports and imports. Overcoming our present situation will require obtaining new resources from abroad, in combination with the measures that have already been taken. In fact, only $94 million has been obtained from abroad through exports, covering only 35 percent of our needs. A total of 80 percent of these earnings is required solely to pay interest on our debts, in order to permit the bank embargo to be lifted. There have been shortfalls in all of the main export goods, such as chrome, copper, tobacco, cigarettes, vegetables, and so forth. Because exports have fallen, possibilities for imports are extremely limited. Under the conditions of the crisis, we are faced with two enormous problems that have to be solved through imports: feeding the population and obtaining raw materials to set industry in motion.

To meet our needs until the end of the year, we need $270 million, of which $150 million is for food alone. We think we have secured the food supply through aid, which will enable us to try to obtain credit for raw materials. About $50-$70 million has been secured, which we think is sufficient to reactivate, before the end of the year, that part of industry that has, as it were, been saved from the crisis. However, with our economy's hunger for hard currency, we are trying to be careful to use this credit not only to meet our needs but also, mainly, to stimulate those enterprises that could produce exports as quickly as possible. The lack of a market makes it very difficult today to decide precisely where the imported raw materials should be used, so that they will revive exports and not revive losses and will moderate the generation of inflation. Nevertheless, we hope to draw up a program with the IMF soon and with the Group of 24 in about three weeks that will strike a balance of imports for the future and for the period of the reform.

One of the main elements in these measures is the creation of social assistance. Social assistance, to our mind, should not be seen as a matter of charity. Social assistance will allow us to start to close the enterprises that today show the greatest losses. Such an operation will relieve the budget of some of its expenditure that results in no revenue. Enterprises will be closed gradually and without great pain. This is a precondition for carrying out the entire reform. Social assistance is a channel of communication between the sectors that are being closed and the new sectors that are being opened. It enables staff to be retrained and serves as an incentive to work. The preparations for the documentation, registration, and effective start of social assistance will, we think, start on 1 January 1992. This date will also mark the full transformation of the role of state enterprises. The working conditions in enterprises after the macroeconomic reform and stabilization will be different from those in the previous year. According to data that have emerged under other conditions, it is calculated, on the basis of the figures of 1989, that 42 percent of enterprises are loss-making. With the new wage rates, new prices, new tariffs, and the new exchange rates, the result is that only 25 percent of enterprises are loss-making. This is the effect of the exchange rate, the prices, and tariffs, which have brought enterprises a little closer to the demands of the market.

However, as a total sum, our losses have trebled. Where we had 44 percent of enterprises incurring losses, we now have only 25 percent, but, where our losses were 1 billion leks, they are now 3 billion leks. Let us choose between the two.

We think that, in a period of three months, by the time the Law on Social Assistance is approved and the enterprises have assumed their new role, we will close those enterprises that cannot possibly survive in any shape or form—in other words, those enterprises that will not possibly be able to pay their obligations toward the bank. Their closure will extend over a period of three to six months, depending on their managers' abilities to overcome the situation, the new conditions that privatization will create, the strategy we will determine, and the priorities we will set for the further development of the

country's economy. In the meantime, the necessary legislation will have been created and the necessary experience gained for privatizing those enterprises that will survive.

Obtaining raw materials will be an important test for our enterprises. This also demands a change in the way enterprises operate on the market and in relation to imports. As for imports, we plan that the government, during the 18-month period the reform will involve, will, after the IMF's approval of our program, start to cover our import needs through the IMF and that the shortfall created by our low export quota will be filled by the Group of 24. Thus, we will have the opportunity to obtain the necessary amounts of raw materials to put the enterprises in a position to work.

Tackling the problem of unemployment must be accompanied by job creation. Investments are anticipated for this, including the Italian credit of $180 million and about $30 million of German investment. Emigration to Germany and Italy will create jobs for a certain number of people. So far, it is planned that about 1,500 persons will go. The opening of some vocational schools at home could lead to this number being doubled or trebled during 1992.

Some of our enterprises will be transformed into joint firms in the priority branches of industry, where the reform may be carried out without difficulty. Plenty of offers have now been made, especially in the mining and mineral-processing industries. It is expected, according to some studies we have made, that about 70 percent of the mining industry will be drawn into joint firms in which the Albanian share of the capital will be privatized.

Besides foreign investments, priority will be given to tourism as a source of quickly earned foreign currency. Our intention is to start, with technical assistance provided by the EEC and the European Bank and finance from the EEC's PHARE [Economic Reconstruction Aid for Poland and Hungary] plan, to create a basic plan to which all of the later investments made in tourism by foreign and joint firms and so forth will later be subjected. We also intend to make investments with joint capital in infrastructure next year. We have ideas and have submitted a plan to finance the reconstruction of roads by introducing a road tax. Some people wish this to be a flat-rate tax, while others prefer a tax on fuel consumption. We will decide later which form to choose.

We have prepared legislature on foreign investment that is attached to this package of laws now being submitted to the People's Assembly. The legal framework of the decrees issued by the government includes decrees on land and building rents that will make investment possible. Worl: is being done to prepare an economic strategy of priorities in the use of our own resources and raw materials.

As for the convertibility of the currency, we intend to start limited convertibility in about January 1992, especially in enterprises' exports and imports. With the amounts of credits we expect to receive from the IMF and the Group of 24, we will be able to gradually achieve full convertibility on a market that will include individuals as well as enterprises. A law on foreign currency is being prepared, and this will act as a formal basis for convertibility.

Privatization is an important field of the reform. First of all, privatization cannot be piecemeal because the consequences that would arise from failing to adapt all structures immediately in a balanced way would merely lead to the reform's failure.

Second, privatization demands openness. The public must always be kept informed about all possible effects that may occur. There must be continual alternative qualitative and quantitative assessments of the results achieved during privatization.

Third, privatization requires depoliticization because depoliticization will prevent the interference of the politics of the day in the implementation of reform measures, which would delay their results.

Privatization demands, alongside economic stabilization, a speedy inauguration of the market economy applied in an institutional form. This will take place alongside the abolition of the command economy. Without abolishing the command economy, there is no way of (?restoring) our economy. Although this process of transformation cannot take place overnight, the sooner it begins the better.

The first phase of privatization will be small-scale. In practice, we are taking the first steps in this. It will involve 27,000 shops, about 12,000 communal service units, and most of the transportation network. We think that auctions are the best method, and we have begun to start them. It is thought that the overwhelmingly larger part of the retail, service, and transportation sectors will be privatized within six months. The National Privatization Agency, its district branches, and the Preparatory Commission that will prepare the legal framework for the mass privatization of small businesses by auction have now been created. Their work will become much more intense when the stage of mass privatization begins. This is conditional on the completion of a thorough valuation of the businesses to be privatized and the submission of the relevant documentation about the businesses to the agency.

To make privatization as objective as possible, a decision has been made to inform the public at large about all steps in privatization, and, at the same time, to establish a principle of justice that excludes enterprise managers or ministry officials from the privatization of the businesses they themselves manage. By this amendment, we hope to legally regulate the process of privatization.

Retail privatization, land privatization under the law we approved in July, and the privatization of services are combined with the privatization of housing. We are in

the process of distributing land, and the successful completion of this will support small traders. This is combined with a rapid start to the work of the Agricultural Bank. The law on approving this bank has appeared before this legislature.

At the same time, we intend to privatize within one year about 300,000 state apartments, which will take place alongside the privatization of medium-sized collectives, especially service and retail collectives. There is a view advocating the erection of a legal obstacle to the privatization of confiscated businesses, leaving these to a second stage, and passing a special law on what is to be done with confiscated property. The political parties will present their views and discuss the best possible solution to this problem.

As for the process of the privatization of large enterprises, we intend to proceed to the privatization of service industries and wholesale businesses. However, this entire process necessarily demands the reorganization of the banking and financial system that supports smaller business. Here, we intend to receive a great deal of assistance, with credit that will finance the new private sectors that will exist in Albania and [words indistinct].

Small-scale privatization is effective because it soon creates jobs in all sectors. If we reckon, for example, on every small business employing one additional member of staff, work will be found for about 35,000 persons.

Privatization will also help to liberalize foreign trade. However, the approval of the antimonopoly law that we have prepared and will submit to the legislature alongside the other laws in this package will help here.

However, the privatization reform must also extend in two other main directions: first, in the reform of the state enterprises under the conditions of the market economy, and in the privatization of large enterprises or of the Albanian share of the capital in joint enterprises. We intend to divide this step into two phases. As for the way state enterprises will behave under the new conditions, the law will allow free and nondiscriminatory trading conditions both for state and private enterprises. As for the privatization of large enterprises, work is being done to prepare legislation on stockholding enterprises before the end of this year. This legislation will regulate the transfer of state property to private ownership through stocks.

Privatization should be considered as a political problem with economic consequences. It demands, as I said, total openness to the public, equal opportunities for all those interested in taking part in it, and a legal solution to conflicts of interest. Before it becomes totally institutionalized, it must begin in those enterprises that present fewest problems—that is, enterprises that yield the fastest results, bearing in mind their production, the skills of their management, their profits, and so forth.

An enterprises must be sold in such a way that the state retains no interest and no longer administratively interferes in the work of the private firm that is created.

The successful conduct of privatization, although it may at first seem fraught with consequences, very soon becomes a source of new employment and higher pay. We plan to begin the privatization of large-scale industry, the most important phase, in January. The two months until then are necessary for us to prepare the legal framework. We need to prepare legislation, the statutes for stockholding companies, and the mutual funds that will serve as a basis for the administration of stockholding companies in the transition period in which partial state ownership will continue until ownership is totally transferred.

According to our calculations, made under consultation with foreign assistance, our country requires five mutual funds with the participation of banks and that also include the enterprises that embark on the process of privatization. These—that is, the banks—will be co-owners and will guarantee the capital that will be deposited in these mutual funds. The creation of mutual funds will produce a new structure for the financial administration of enterprises, which will be detached from their ministries.

We plan for all individuals over age 18 to become shareholders and to receive free vouchers that they will be able to turn into capital by exchanging them for shares in the mutual funds, to be selected as they wish. In this privatization, we intend to give priority to political prisoners, thus providing them with a kind of compensation, which must be accompanied by special laws throughout this process. We intend to start this process in the second half of next year and think, according to calculations and looking at the experience of other countries, that about one-half of the capital of those industrial enterprises that are not closed will be turned into share capital within a period of three years. The smooth progress of this process will attract new capital, both Albanian and foreign, and will thus create a market in stocks that will lead eventually to a stock exchange, something that needs time for its preparation, apart from the time necessary to bring the economy out of its crisis. The privatization of capital in stockholding companies will begin in March.

Honored deputies, the accomplishment of this reform requires political support. Any scheme, however perfect it may be, risks failure if it encounters political opposition. The final results of the reform will be emergence from the crisis and, at the same time, establishment of a market economy. We must show the world that we are worthy of the aid it is giving us and worthy of democracy. Thank you.

Zhelev, Yeltsin Discuss Trade of Oil, Foodstuffs

AU2210214491 Sofia BTA in English 2021 GMT 22 Oct 91

["Bulgaria, Russia Join Hands"—BTA headline]

[Text] Moscow, October 22 (BTA)—The official part of President Zhelev's visit to Moscow started with a tete-a-tete conversation between him and Russia's President Boris Yeltsin. Half an hour later, they were joined by the members of the Russian and the Bulgarian delegations.

"I am glad that Bulgaria's president accepted the invitation to visit Russia," Boris Yeltsin said. According to him, after the break in Bulgaro-Soviet relations, and relations with Russia in particular, they should not only be restored but extended as well. Mr. Yeltsin expressed his firm conviction that after the changes in the two republics their relations will develop on the basis of real equality and mutual benefit.

At a brief news conference after the official talks, President Zhelev expressed his satisfaction with the complete identity of the views of the Bulgarian and the Russian leaderships. "The explanation lies in our joint purposes in the post-communist period though Bulgaria has gone a bit ahead of Russia as far as the economic reform is concerned," Dr. Zhelev said. "We have made mistakes of course, but the exchange of experience even on such a point as the liberalization of prices can prove useful to Russia because this lies ahead for it," Dr. Zhelev added.

The presidents expressed their conviction that the declaration and the other documents they will sign tomorrow will be equally useful for the two countries.

Oil remains the only outstanding problem. "Bulgaria wants to obtain as much oil as possible from us. We will provide part of the desired quantity. We want to get as much foods as possible from Bulgaria. The Bulgarian side will also solve this problem in part but not to the extent we want it to, which is perfectly understandable. The important thing is the groundwork we laid," Boris Yeltsin said.

Deputy Prime Minister Dimitur Ludzhev met this morning with Mr. Oleg Lobov, Russia's first deputy prime minister. Aspects of bilateral economic cooperation were high on the agenda.

President Boris Yeltsin gave an official dinner in honour of the Bulgarian delegation.

Turkey Seizes Bulgarian Weapons Consignment

AU2210210191 Sofia BTA in English 2026 GMT 22 Oct 91

[Report by Apostol Saruivanov: "Bulgaria Implicated in Illegal Trafficking"]

[Text] Ankara, October 22 (BTA)—This evening the Turkish National Television announced that a Greek Cyprian vessel passing in transit through the Bosphorus was arrested this morning. On inspecting the cargo, the customs and the port authorities came upon a large amount of illegally carried items.

According to the ship's crew the vessel was loaded in Port Burgas, Bulgaria. The consignee was not mentioned in the documents accompanying the cargo. The Turkish Television informed that when examined, the crew members gave contradictory testimony as to the destination of the cargo and its receiver.

More than 2,000 cases full of weapons, including missile launchers, anti-aircraft and automatic guns and electronic target-seeking devices were found in the ship's holds. Four tonnes of chemicals used in the production of narcotics were also discovered.

Popov Talks With Greek Minister Khatzinikolaou

AU2210094391 Sofia BTA in English 2228 GMT 21 Oct 91

[Text] Sofia, October 21 (BTA)—Ways to activate Bulgaro-Greek relations in all areas in keeping with the high-level common understanding were discussed at talks here today between Prime Minister Dimitur Popov of Bulgaria and the Greek minister of Macedonia and Thrace Mr. Panayiotis Khatzinikolaou.

The two governments' concerted action to encourage business contacts, to develop projects for the joint exploitation of mineral resources in the Rudozem-Xanthe area, the negotiations on sharing the waters of the River Mesta were on the agenda of the Popov-Khatzinikolaou meeting, the Bulgarian premier told the BTA after the talks.

Mr. Khatzinikolaou said that Greece's Balkan policy will remain stable and invariable. He expressed satisfaction at his talks with the Bulgarian head of government which he described as a confirmation of the shared resolve for vigorous promotion of relations in the best interests of Bulgarians and Greeks.

Khatzinikolaou Meets Party Leaders

AU2210164291 Sofia BTA in English 1558 GMT 22 Oct 91

[Text] Sofia, October 22 (BTA)—Today Mr. Filip Dimitrov, leader of the Union of Democratic Forces (UDF), had a meeting with Mr. Panayiotis Khatzinikolaou, minister for Macedonia and Thrace.

In answer to a question by BTA, Mr. Dimitrov stressed the friendly atmosphere of the talks which, according to him, confirmed the good intentions of the two countries. "I hope that Bulgarian-Greek relations are as good as we have always wanted them to be," Mr. Dimitrov said in answer to a question on the future of bilateral relations.

The UDF leader appreciated highly the cooperation with the Greek New Democracy Party. Mr. Dimitrov said

that there is a solid basis for it to continue to develop as cooperation between the ruling parties of two friendly neighbour countries.

The scheduled meeting with Mr. Aleksandur Lilov, leader of the Bulgarian Socialist Party (BSP), was canceled because Mr. Lilov had to leave this morning to attend the funeral of his brother. Mr. Khatzinikolaou extended his condolences through Mr. Chavdar Kyuranov, deputy chairman of the BSP Supreme Council, with whom he had a meeting. In a statement for BTA after the meeting Mr. Khatzinikolaou and Mr. Kyuranov expressed their satisfaction with the identity of views concerning the important role of Bulgarian-Greek friendship and cooperation for the good of the two peoples and the Balkans as a whole.

Bulgaria and Greece should enter united Europe together, Mr. Khatzinikolaou said summing up the views of the Greek Government as to the key role of bilateral cooperation.

The Greek minister was received by His Holiness Maksim, Patriarch of the Bulgarian Orthodox Church. Mr. Khatzinikolaou met with Mr. Boris Spirov, minister of agriculture.

Yordanov Denounces 'Nationalistic Hatred'

AU2210151291 Sofia DEMOKRATSIYA in Bulgarian 17 Oct 91 pp 1, 3

[Interview with Aleksandur Yordanov, deputy chairman of the Union of Democratic Forces Movement Coordinating Council, by Silvia Stefanov; place and date not given: "The Law Persecutes Parties That Are Fanning Nationalistic Hatred"]

[Text] [Stefanova] Mr. Yordanov, what are the advantages of the current political situation in Bulgaria with a view to the development of the democratic process?

[Yordanov] I would say that we should look for these advantages in two directions. People are relieved of severe psychological stress after convincing themselves that the Communist Party is no longer the ruling force in our country. This party not only will be removed from the forthcoming government, but it also has no chance whatsoever to participate in any future government. Other political advantages also exist. In the first place, we are expected to form a legislature with a considerably simplified configuration. The interests of the Union of Democratic Forces [SDS] in this future legislature are focused on the prompt passing of laws likely to change the system, such as the privatization law, the restitution law, and the amendments and addenda to the recently adopted Law on the Ownership and Use of Land. The same applies to the already existing Law on Foreign Investments, which also requires amendments and addenda. A purely political problem is emerging in this connection with the approach of the Bulgarian Socialist Party [BSP] to the aforementioned laws and bills. If the Socialists were to try to halt the passing of the crucial legislation and to obstruct the change of system, this would automatically mean new elections. It is, however, a fact that the BSP would not have any chance to win such elections because it would emerge as a destructive, as a nonconstructive, force. I think the BSP is well aware of these circumstances. Therefore, the only political solution is to constructively support the SDS initiatives aimed at changing the system. This is of utmost importance for the BSP because its chance of remaining in the legislature with a relatively high percentage is its greatest asset in the current political situation. In a future legislature, it could barely count on 15-20 percent of the seats, which can be deducted from the percentages it lost in comparison with last year's elections.

[Stefanova] What is your opinion about the trump card of nationalism that the BSP is playing as a means of attacking the SDS and its government?

[Yordanov] As a matter of fact, the BSP is beginning to manipulate certain national notions of the Bulgarian citizens under the present circumstances. Numerous people are carried away by nationalistic slogans and ideas, but they seem to be hopelessly behind the times. They have not understood that the April Uprising took place 110 years ago and that it is too late for nationalistic unrest at the end of the 20th century. The leaders of such organizations with nationalistic connotations should be warned that the communist plans related to certain "subversive" activities of the nationalistic organizations are subject to the law and will be punished with the greatest severity. This should be considered in particular with a view to the current, highly explosive situation in the Balkans. Anyone who tries to fan conflicts between Turks and Bulgarians in Bulgaria will be subject to the strictest legal sanctions. We will not permit Bulgaria to become a second Yugoslavia. This is the most important thing the communist leaders should realize in order to avoid a ban on the Communist Party as happened in the Soviet Union. The possible alliance of the communist ideology with nationalistic trends is likely to result in a ban on both the communist and the nationalistic organizations.

[Stefanova] Can you say which mistakes the SDS should avoid at this particular moment? Can you describe your main political guidelines?

[Yordanov] The SDS is most likely to encounter the resistance of the economic nomenklatura, of the people whose heads are still filled with the Marxist theory of surplus values. We will encounter the resistance of those who are incapable of coping with the market economy. The economic managers who are incapable of grasping the new political and social realities will be removed from their posts. However, this should not happen by orders from the top. The employees of enterprises, institutions, and hospitals will remove such managers at their own initiative because they will be striving for reliable jobs and high wages for themselves. If an economic manager is incapable of guaranteeing such jobs, he will be doomed to part with his position. The world is

open to us. Thousands of companies have already shown interest in joint ventures and economic activities in Bulgaria. Henceforth, the government and the state will interfere less and less with economic life. Following the establishment of legislative conditions for privatization and after the restitution has been implemented, mutual relations between subjects can be legally settled, but under no circumstances through direct interference. Both the individual workers and the enterprises will be left alone to settle their problems on the basis of the market economy. In this respect, I am convinced that the SDS government cannot possibly commit serious mistakes. This is so because our government will expand rather than restrict rights and freedoms, especially in the economic sphere. Wherever rights and freedoms guaranteed by law exist, there is no great danger of committing mistakes. Mistakes emerge whenever no stable and reliable laws exist, under situations in which the government substitutes for the functions of the legislative organs and rules alone. The law should rule in the future Bulgaria, while the government should just watch over the observance of the law.

[Stefanova] Actually, this may be one of the guarantees for the future government's stability....

[Yordanov] Only the legislature's legislative activity can provide a guarantee for a government's stability. High-quality legislation, as such, already means a stable government. As far as I am concerned, I see the government as an effective combination of political figures, who should be popular and universally liked but who should also be complemented by less-known individuals who distinguish themselves with serious professional qualifications. In addition to this, I do not rule out the possibility of experienced professionals with no party affiliation joining the Cabinet. This would show people that the SDS is not pursuing any party interests. It would be a positive factor to accept even people who have been members of the Communist Party but who realized its real nature and gave up their membership in a timely way. For many people, this should be an indication that the SDS, when it is in power, does not persecute anyone for his political convictions. People's convictions are their own human right, granted by Constitution, but we will oppose all actions that are causing damage to the state, all actions that are aimed at provoking a situation of crisis in our society. We are facing a long process of healing society from the delusion that the state is more important than the citizen. We will try through our government to persuade people that the citizen is above the state and that a human being is much more important to us than our ministerial posts. Henceforth, a human being should be more important than a minister in our country, and we will respect a Cabinet member for his valuable human virtues rather than respecting a human being for only his ministerial rank.

SDS-Center Leadership Assesses Election Defeat

AU2110195391 Sofia SVOBODEN NAROD in Bulgarian 17 Oct 91 p 1

[Editorial: "SDS-Center Coalition—Without Despondency After Defeat"]

[Text] The election results were reviewed at a meeting of the Political Council of the Union of Democratic Forces-Center [SDS-Center]. The elections were described as honest, despite the small violations that were pointed out. The manipulation of the elections was implemented long before election day—already when the Election Law was adopted by the National Assembly and the Bulgarian Socialist Party and SDS-Movement megacoalitions damaged the other parties with the colors of their ballots. The SDS victory was assessed as very important for democratizing Bulgaria. The problems related to the absence of centrists in the future legislature also were analyzed—not only newly formed formations with unclear characters but also parties with centuries-old roots and parliamentary traditions remained outside the legislature. The Bulgarians voted with their emotions rather than with their common sense. However, having victors and losers is normal in elections. Communism departs—and that is the important thing. However, it is no less important to prevent communism from putting on new "clothes." The SDS-Center will determine its political actions only on the basis of the interests of the country and the people.

The advantages and disadvantages of the organizations within the SDS-Center, after failing to reach the 4-percent barrier, were also analyzed. The mistake of allowing the disunity of the centrist forces, which normally serve as the center of political life, was admitted.

It is necessary now to begin intensive contacts with all possible partners to form a strong centrist nucleus. The agreement with the SDS-Liberals should be the basis of the negotiations. The Agrarians must be natural participants in a great centrist coalition, which, albeit outside the National Assembly, will have a role in political life. The political positions of other parties, with which coalition negotiations could be conducted, also were discussed.

BSP News Conference on Municipal Elections

AU2210161791 Sofia Khorizont Radio Network in Bulgarian 1400 GMT 22 Oct 91

[Text] At the regular news conference of the Bulgarian Socialist Party [BSP] today, details were again given to journalists about the parallel count of the results from the municipal elections that are being carried out by experts from the Socialist Party. According to these results, from a count of the elected mayors and municipal councillors, the BSP has a significant advantage over the other political forces. Could this situation lead to a

confrontation between the future government and the municipal administrations? This is what Filip Bokov thinks about the question.

[Begin Bokov recording] In my opinion, this is not so much a question of party but a matter that is dependent on the different tasks that the municipal authorities and central government will carry out. From this point of view, in the present complex economic situation, it seems to me that it is possible that friction will arise not only in municipalities where the Socialists have the majority but also in those where the Union of Democratic Forces or the Movement for Rights and Freedoms has a majority.

Because quite a lot of difficult economic decisions are awaiting us, the local authority is the one that ought to be putting efforts into softening the blows that will rain down on people. In particular, I have in mind those of an economic or social type. Thus, the question, in my opinion, ought not to be colored beforehand by party considerations but should be subject to the question of what policy the central government will conduct. [end recording]

At the news conference, Aleksandur Tomov stressed that the Socialists in the legislature will be the first to insist that restitution precedes privatization. Mr. Tomov acknowledged that some changes will probably need to be made to the Land Law but that the BSP will decisively oppose attempts to close down all labor cooperative farms unless a sensible alternative has been proposed.

DUMA Assesses Character of Future Cabinet

AU2210083891 Sofia DUMA in Bulgarian 17 Oct 91 p 6

[Article by Stefan Prodev]

[Text] Without having the final election results, the dark blue party is already distributing the ministerial posts. I think that this haste explains very well their psychology. It will hardly serve Bulgaria's interest. The fuss is so overt and noisy that even the most unbiased people can draw their conclusions. The gentlemen already see themselves with top hats and are reaching for a piece of the power pie. I understand them because, for a long period of time, they used to dream about themselves as rulers. Well, what can be done? Sometimes dreams come true, and that makes people impatient.

At the moment, Bulgaria has a legally elected Council of Ministers, and, as long as the votes are being counted, it is at least indecent to reach for seats that still are occupied. There is time for everything. Most important, political and moral moderation is to be demonstrated especially now, when society is shaken by contradictory emotions. The impatient ones surely know the proverb that haste makes waste. The damage will be irreparable if, after the calm elections, hunger for power and posts prevails over the normal proceeding of the process. Then we will certainly have new ministers, but the people will hardly believe that they are more than persons who accidentally succeeded in grabbing a post rather than people who are ready to serve the motherland with their talent and knowledge.

Our country is experiencing days in which the entire nation must be convinced that the care for Bulgaria rather than personal ministerial ambitions will prompt the difficult enterprises that lie ahead. If ambitions prevail over the common interests, the future Council of Ministers, which is being formed openly now, will hardly implement its complex mission. Now more than ever before, Bulgaria needs a government that will not divide the country but will unite it around strong and capable people. It must inspire us with faith in the future through its prudence and competence as well as through its sincere feeling for unity of the best brains in the name of the public good. Otherwise, while certain people will receive their postelection reward, society will be cheated.

I hope that those who are in a hurry quickly understand the responsibility they assume. I hope that they find the force not to promote their interests but to form a cabinet that will encourage the nation; a cabinet of capable people rather than people who wish personal power; a cabinet of persons from various colors, but with a single love for their motherland. Finally, they must have proven qualities in various spheres of state activity. Only if such a cabinet is formed, despite the rather polarized National Assembly, will Bulgaria be able to make the step it is expected to make. Everything else is a matter of dreams, personal ambitions, and megalomaniacal self-esteem, which could quickly make us seem ridiculous.

Socialists Promise Not To Be Meek Opposition

AU2210164591 Sofia BTA in English 1549 GMT 22 Oct 91

[Text] Sofia, October 22 (BTA)—"We will not be a meek opposition by any means," Mr. Aleksandur Tomov, member of the senior leadership of the Bulgarian Socialist Party (BSP) and Deputy Prime Minister in the present government, told the Socialists' regular news conference. It is possible that the "red" local authority officials may resist the government which will be formed by the Union of Democratic Forces (UDF).

According to the Socialists' parallel vote tabulation, the BSP has polled 51.7 percent of the votes in the elections for mayors of population centres and 49 percent of the votes in the elections for mayors of municipalities. After the second ballot, the UDF candidates won in places where the Socialists had got a majority in the elections for municipal councillors and "combinations will be absolutely necessary." Mr. Aleksandur Marinov of the Presidium of the BSP Supreme Council described today the Socialists' victory in the local elections as "undoubted." The final results have not become known yet.

The "red" mayors will adhere to the election platform of the BSP in their work. And "it is possible that there may

be differences and opposition if the central government's actions run counter to the Socialists' election platform and its social orientation," Mr. Marinov said.

Mr. Filip Bokov, another member of the BSP leadership, predicted differences between the central government and the local administration even in places where the mayors are of the SDS because "the local authorities will have to cushion the blows which will rain on the people."

Aleksandur Tomov, Aleksandur Marinov, and Filip Bokov believe that the Socialist Party has accumulated energy after the elections. Mr. Tomov believes that the people are frightened of the forthcoming economic measures and the Bulgarians in regions with a compact Turkish population are filled with apprehensions.

Tomorrow the BSP Supreme Council will have a plenum behind closed doors as usual. "The election results will be analysed, as well as the advantages and disadvantages for the BSP in its new position," Mr. Bokov said today. After 46 years in power, the Socialist (ex-Communist) Party, is now in opposition. Tomorrow's plenum will set the date for the congress of the BSP.

Paper Laments No Center in Future Legislature

AU2110183491 Sofia NOVINI in Bulgarian 16 Oct 91 p 1

[Editorial: "Center Remains Empty in National Assembly"]

[Text] The preliminary results of the parallel counting of the votes for the various parties and coalitions indicate that the Union of Democratic Forces-Movement [SDS-Movement] has won the elections. The Bulgarian Socialist Party [BSP] comes a close second. The Movement for Rights and Freedoms [DPS] will be the third legislative force. It is still unclear whether the Bulgarian Agrarian National Union-United [BZNS-United] and the Nikola Petkov BZNS will cross the 4-percent limit and join the new National Assembly.

The political situation of the country becomes more complicated under these circumstances. Our legislature will be too polarized, and we will thus not be able to rely on issues being resolved by a consensus on the part of its members. The controversy and an even stronger flaring of passions will form the atmosphere in the legislature. Despite its statements, the DPS will not play the role of an equalizer between the BSP and the SDS. The DPS will rather utilize the struggle between the two almost equal legislative forces in order to further its policy through ultimatums. The place of the political center actually remains empty. We can only regret that personalities such as Dr. Petur Dertliev, Aleksandur Karakachanov, Petur Kornazhev, Petur Staykov, Stefan Gaytandzhiev, Solomon Pasi, Vladimir Sotirov, Petur Slabakov, Lyubomir Ivanov, and others will remain outside the National Assembly. Such people, who have proved their commitment to the moderate tone of political dialogue and reasonable compromise, are today especially needed by our young democracy. This is so because, as the practice of the developed European states shows, democracy is created through the power of reason rather than through the force of muscles. However, the preliminary forecasts of the composiion of the future legislature do not suggest the stability that our country needs so much. The principle of the political pendulum and the artificial division of the nation will continue in the new legislature in a much more powerful form than in the past. This will probably prompt new elections in the spring of 1992, something that will stress political factors. Apparently, the problems of our economy will have to wait. It was those problems that should have been dealt with in a priority manner today.

Agriculture Ministry Forecasts Food Supplies

AU2110170791 Sofia DEMOKRATSIYA in Bulgarian 15 Oct 91 p 2

[Report by Diana Mitkova: "At Least We Will Have Sufficient Oil and Sugar"]

[Text] Until now, meat production in Bulgaria is at almost half the level of that for the same period last year. Poultry is only a third of last year's quantity. Reduced purchasing and restricted foreign markets are given as the basic causes for the decreased production. By the end of the year, we expect the internal market to receive 60 percent of the amount of meat with which it was supplied last year, Lyubomir Draganov, deputy minister of agriculture, stated. This works out to 35 kg per year per person not engaged in production.

Milk, in comparison to the first eight months of 1990, has decreased by 430 million liters. Due to reduced consumption and erratic supplies, at present there are significant stocks of cheese in the factories and 2,500 tonnes of butter that has not been sold because of butter imports.

The Ministry of Agriculture and Food Production expects that we will extract 154,000 tonnes of oil from the 400,000 tonnes of sunflower seeds received. This will be sufficient for our commodity fund, manufacturers, food processing, and the operational reserve. If measures are well implemented against profiteering, we will have a normal market of oil from the whole harvest.

It will be necessary to import 120-150,000 tonnes of sugar. At present, this is being offered at $280 per tonne across the board—that is, at 5,320 leva wholesale—and its retail price in the shops ought not to be more than 7 leva per kg.

We will have sufficient beans, lentils, and rice. Potatoes and onions are also suffficient, if certain companies do not export them, because they are goods free to be exported to external markets.

Bank Governor Claims Inflation 'Partially Curbed'

AU2210154191 Sofia BTA in English 1459 GMT 22 Oct 91

[BTA report: "New Banknotes but Not Monetary Reform"]

[Text] Sofia, October 22 (BTA)—100-leva banknotes (a little more than 5 U.S. dollars) will be put in circulation as of November 1. At a press conference today the management of the National Bank of Bulgaria (NBB) ruled out the possibility of a currency reform but promised to issue other denominations as well. It was announced that the government had approved the designs for banknotes of 20 leva and 200 leva. Mr. Emil Khursev, NBB executive director, said that 5,000-leva banknotes will be very handy in view of the present level of prices in Bulgaria.

So far, the largest denomination issued in Bulgaria has been 50 leva.

Prof. Todor Vulchev, NBB governor, said that inflation in Bulgaria had been partially curbed. According to Prof. Vulchev, inflation has nothing to do with money denominations. The real danger is created by the budget deficit, the uncontrolled rise in wages and the lack of confidence in the government.

Prof. Vulchev said that Bulgaria had wasted too much time on the monetary stage of the economic reform. In Prof. Vulchev's view, this may bring economic activity in Bulgaria to a standstill. Prof. Vulchev believes that the country's problems could be settled through a change in property rights and through structural reforms.

A discussion on the NBB interests rates will be opened in a few days. The present high interest rates discourage many potential borrowers. However, it is unclear whether interest rates will go up or down.

The NBB management believes that the number of banks in Bulgaria should be reduced through a series of mergers on the principles of holding companies.

Prof. Vulchev urged interested foreigners to invest in Bulgaria. "Bulgaria is firmly committed to democracy and market-based economy," he said.

Industry Assesses Progress of Economic Reform

AU2210150591 Sofia POGLED in Bulgarian No 41, 14 Oct 91 p 4

[Interview with Ivan Pushkarov, minister of industry, trade, and services, by Chavdar Krumov; place and date not given: "We Cannot Live Well When the System Is Being Changed"]

[Excerpts] [Krumov] Some time ago, you mentioned your ambition to keep political arguments away from the economy. Have you succeeded in doing away with political "colors," to the benefit of the economic situation?

[Pushkarov] We directed our efforts in several directions. Our aim was to eliminate the representatives of the administrative-comment system in the top echelon of power. We created a new type of functional structure, one that does not govern but sets the rules for the economic game. The second goal was to prepare and begin carrying out systematic changes in order to eliminate monopolies. The ministry prepared an entire arsenal of methods and means for all other governmental departments responsible for branches of industry. Decentralization is a necessary process that is long overdue. We encountered no problems in 90-95 percent of cases. As long ago as last January, I had on my desk over 300 applications from individual subsidiary organizations that wanted to set themselves up as companies.

[Krumov] Judging from the newspapers, things have not gone as smoothly as you claim.

[Pushkarov] There was immense resistance to demonopolization, but, here again, one will have to bring in the factor of political "colors" as the initial basis for the disputes surrounding one or another individual. I can show you a whole series of questions put to me in the Grand National Assembly so that you can see for yourself which topics interest the legislative deputies of the Bulgarian Socialist Party [BSP]. In 90 percent of the cases, they are worried about the fate of their own people. Take, for example, this fellow Bandzhiev, who was the subject of four articles in DUMA. Over a period of two months, more than 12 members of the BSP Supreme Council held personal discussions with me about his fate. Aleksandur Tomov alone talked to me 10 times. How did the matter turn out? Simply that this fellow Bandzhiev had accumulated a debt of 50 million, and it was not clear how much more had been spent on various associations. We appointed a new man, and he managed to make progress in only three months.

It was the same situation with Balkankar. The situation was described as if we would destroy Bulgaria if we removed this organization's monopoly. This is the very Balkankar that has stocks of several thousand unsold electric lift trucks, debts of 200-300 million, and more than 10 companies abroad about which we cannot find out any details—how much money they have, to whom this money belongs, and why none of them have remitted any money to Bulgaria.

[Krumov] Can it be said that the reform is being delayed because of political pressure? Accusations have been made that the monetary stage has almost been concluded but that the structural stage is being held up, and this will lead to a deterioration in our economic position.

[Pushkarov] This deduction is absolutely accurate, but with one slight correction. The monetary approach remains in force in all of the stages the reform will pass through in the future because it is connected with the country's financial equilibrium and the tools used to establish it. These tools will always be subject to monitoring and adjustment on the part of the state. This is the

function of the state in any normally developed society. The problem is that, unless monetary stabilization is combined with structural changes, the financial equilibrium that we have achieved by using monetary levers will be exhausted very quickly because it will be left without its own base. Changes in ownership form the base of monetarism. If there are no changes in ownership and in the motivations for working and earning income, then we also lose the channels for ensuring financial equilibrium. [passage omitted]

[Krumov] Which mistakes would you not want to repeat?

[Pushkarov] There are several things we would like to avoid. Perhaps the most important of these is not to divorce the monetary and structural approaches to the reform. We simply must combine the two. Second, it is absolutely essential for us to avoid a high social threshold for the reform. Certain countries set such high thresholds that this led to a blocking of many reform processes. Beginning with conditions such as we have in Bulgaria, we are obliged to be cruelly honest. We must be! If we maintain the social illusions that are characteristic of the Bulgarian people, we will constantly return to our starting point.

Slovak Presidium Disagrees on Constitutional Setup

LD2110194991 Prague Ceskoslovensky Rozhlas Radio Network in Slovak 1100 GMT 21 Oct 91

[Interview with Peter Tatar, member of the Slovak National Council Presidium, by Ludmila Bulakova on 21 October; place not given—recorded] txt
[Text] Talks on the future constitutional setup are drawing to a close. After the talks conducted in Karlovy Vary last week by the highest constitutional representatives, and after the two-day meeting of 10 Slovak legislative parties held in Papiernicky last week, the presidia of both national councils will meet in Stirin near Prague tomorrow. This is why representatives of the presidium of the Slovak legislature met today to hold their last preparatory talks. After a two-hour discussion, they had a break during which Peter Tatar, member of the presidium of the Slovak National Council, briefed journalists including our Ludmila Bulakova:

[Tatar] We have not gone very far during the first part of today's discussions at the presidium. This was because, for instance, the first deputy chairman of the Slovak National Council, who chaired the talks in Papiernicky, stood firm on the positions of the text of the document adopted there. Representatives of our party, the Civic Democratic Union, also stood firm on the positions of that text. However, another member of the Christian Democratic Movement, Mr. Klepac, said, for instance, that he wanted some of the powers earmarked in the text for the federation to be given to the Slovak Republic; so, in effect, we have failed to agree.

Regrettably the situation continues in which some politicians say that they are in favor of a common state, but at the same time they want Slovakia to be a full international legal subject, which implies an independent Slovakia. This is simply no way to reach an agreement. I expect that, after the break, the individual politicians who are representing parties in the Slovak legislature will either say that they want an independent Slovakia or that they want a federation, and that we shall take a vote on it. Otherwise any further discussion would serve no purpose.

[Bulakova] What will happen, should you not reach an agreement today? How are you going to go into the talks with the presidium of the Czech National Council tomorrow?

[Tatar] The option even exists that we will not go to the talks if we fail to reach an agreement. I believe, however, that we shall find a common solution. Regrettably, the misunderstanding has been repeated at the outset of our discussions today, and that is that there does not exist a single view within the Christian Democratic Movement; the Civic Democratic Union has, however, maintained the same view, that it is necessary to build a federation on a partnership basis. If we take an inconsistent view into the talks in Prague, I see little chance that we will all reach an agreement, both the Czech and the Slovak sides.

[Bulakova] What will you then submit to the plenum of the Slovak National Council?

[Tatar] I believe that we shall submit a draft of the treaty. We shall see after lunch.

[Bulakova] There has been a great deal of talk that, even before the referendum is held, it is necessary to make use of all political opportunities. Do you think that this is the last step along the path to a political solution?

[Tatar] It will be such. If the presidia and the national councils fail to reach an agreement, then I am convinced that we as deputies and politicians do not have a mandate from the public to destroy the state or to split it up, and citizens will have to have their say on it. The problem is that because the talks have been going for a long time, and because they have been ambiguous and are not leading to our objective, time may have been lost for organizing a referendum at all.

SNR Deputies Submit Minority Rights Proposal

AU2210184391 Bratislava PRAVDA in Slovak 21 Oct 91 p 3

[Stefan Hrcka report and commentary: "A Portent of Autonomy?"]

[Text] Last week a group of Slovak National Council [SNR] deputies—Gabor Agardy; Laszlo Asvany; Stefan Bartakovics; Edita Bauerova; Pal Csaky; Laszlo Dobos; Michal Gorcsos; Stefan Harna; Mikulas Hirjak; Koloman Janics; Eugen Miko; Erno Rozsa; Rezso Szabo; Peter Tirinda (all from the Hungarian Christian Democratic Movement [MKDH] and Egyutteles); Ivan Brndiar (Democratic Party); Miroslav Kusy; and Peter Tatar (both from the Public Against Violence Movement [VPN]) submitted a proposal, to the SNR commission responsible for preparing a collective draft Slovak Republic constitution, for a separate chapter in the Slovak Republic constitution on the rights of national and ethnic minorities. As this is a very important proposal, we are publishing its most important stipulations.

Article 1

I. The rights of national and ethnic minorities are natural rights, and they are inalienable, inviolable, and protected;

II. The Slovak Republic recognizes these rights and guarantees their continuous implementation.

Article 6

Citizens belonging to national and ethnic minorities have a right to an education in their mother tongue, from pre-school institutions right up to the highest level of educational establishment.

Article 7

Citizens belonging to national and ethnic minorities have a right to:

I. Freely use their mother tongue orally and in writing, in private, public, and official contacts;

II. Freely use local and geographical names in their mother tongue orally and in writing. They may also use bilingual—or, as the case may be, multilingual—terms for the names of communities, public places, and streets.

Political Representation and Self-Administration

Article 9

National minorities and ethnic groups have a right to:

I. Their own political representation in a legislative body;

II. Establish their own representative and self-administration bodies representing their will.

Article 11

I. National and ethnic minorities should have their own executive body in the most supreme executive body of state authority and state administration.

II. Members of national and ethnic minorities should be proportionately represented in all executive bodies of state administration and state authority.

Article 12

I. National and ethnic minorities have a right to:

—self-administration bodies at all levels, in the interest of preserving their identity;

—self-administration in education, culture, languages, publication of newspapers and books, business, and the mass information media, as well as in the health care and sports spheres.

II. The governments will allocate a sum from the budget—proportionate to the size of the national and ethnic minorities—for the purpose of implementing rights within the jurisdiction of the national and ethnic minorities' autonomous decisionmaking, while also taking into consideration compensation for the disadvantages arising from minority status.

III. The national and ethnic minorities' self-administration bodies are responsible for decisions concerning the use of financial resources and also for supervising them.

Article 13

Territorial and administrative units should be appointed in a manner that respects the national and ethnic minorities' rights.

Rejection Is Prevention

One can see from the very first section of the first article that the group of deputies representing the MKDH, Egyutteles, the Democratic Party, and the VPN did not use the formulation "Rights of Citizens Belonging to National and Ethnic Minorities," but the expression "Rights of National and Ethnic Minorities...." Rights as a whole are to belong to the national and ethnic minorities. In other words, the minorities are to have collective rights. During his first visit to the SNR Committee for National and Ethnic Groups and Human Rights on 30 November 1990, CSFR President Vaclav Havel even admitted that it is incorrect to talk about collective obligations and collective rights.

Furthermore, the proposal does not make it at all clear what proportion—or, as the case may be, number—of members of an ethnic minority there should be among the inhabitants of a village, town, or republic for them to implement their rights (see Articles 6 and 7 of the proposal). Therefore, they will be able to demand the establishment of an educational system (including universities) with instruction in their mother tongue, even if only a couple of citizens in the Slovak Republic belong to that ethnic minority. Perhaps we will have to establish Hungarian, Romany, Czech, German, Ukrainian, Ruthenian, and goodness-knows-what-else schools. Even the streets in our towns and villages could have six or more names.

However, Articles 9, 11, 12, and 13 provide a perfect pinnacle to the proposal. According to Article 9, Section II, ethnic minorities will be able to form their own representative bodies—for example, a National Council for One of the Slovak Republic's Minorities (NCOSRM). According to Article 11, Section I, ethnic minorities will be able to form their own executive body in the supreme executive body (in the Slovak Republic Government)—for example, a NCOSRM Government. According to Article 12, Section 3, ethnic minorities' self-administration bodies will make decisions about the use of financial resources (about Slovakia's budget), and they will also exercise supervision—actually control—over Slovak Republic bodies created from the will of the majority of Slovak Republic citizens (especially from the will of citizens not belonging to the national minorities). Finally, according to Article 13, territorial and administrative units advantageous to the minorities (for example, an autonomous district for the minority) will be established.

I hope this is merely a worst case scenario that will not be implemented. According to the submitted proposal, however, it is possible. The best way to prevent such a catastrophe is to reject all proposals like the one put forward by the group of deputies representing the MKDH, Egyutteles, the Democratic Party, and the VPN (now the Civic Democratic Union—VPN). The SNR commission responsible for preparing the collective draft Slovak Republic Constitution has rejected it. I hope that this proposal, and other similar proposals, will also be rejected by the Slovak National Council plenum.

Coexistence Leader Criticizes Planned Constitution

AU2210150091 Budapest UJ MAGYARORSZAG in Hungarian 18 Oct 91 p 5

[Unattributed report: "In the Interest of Hungarians in Slovakia—Protection Against Hatred"]

[Text] The Coexistence Political Movement led by Miklos Duray has written a memorandum in which it raises the problems affecting national minorities living in Slovakia and proposes certain solutions.

The memorandum notes that a tough political struggle has developed through the confrontations between efforts to create a Slovak nation-state and efforts to modify the legal status of national minorities. The memorandum reminds us that after World War II, the Germans and Hungarians living in Czechoslovakia were discriminated against and were deprived of their basic civic rights, and after the communist coup, there followed a general anti-minority policy.

According to Coexistence's memorandum, "during the two years of this change of regime, the new authorities' policy as regards national minority schools has not improved in comparison with the communist regime's concepts." The proposal concerning an independent Hungarian institution of higher education was rejected, and the division of unified Slovak-Hungarian schools was forbidden by a ministerial circular. A language law was passed that—compared to the communist era—considerably restricts the use of national minority mother-tongues. During the voting on the compensation law, most of the legislators rejected the idea of subsequently mitigating the injustices done between 1945 and 1948, or of rehabilitating the people affected by these injustices.

According to the memorandum, the current drafting of the new constitution is "exclusively dominated by the national principle." The document talks about xenophobia, which is slowly starting to take on an organized form, and the intolerance of Slovaks, who so often mention the deportation of Hungarians.

Coexistence urges the legal incorporation into the constitution of the principles accepted during the Helsinki process, and it requests that during the drafting of the constitution, a constituent committee be created for the representatives of national minorities. The work of this constituent committee could lead to the drafting of a separate paragraph in the new constitution on the rights of national and ethnic minorities. Given the fact that some members of national and ethnic minorities live in scattered areas, while others live in homogeneous settlements, their situation can be improved through the introduction of cultural and regional autonomy.

Klaus Discusses State's Role in Managing Economy

AU2210171891 Prague HOSPODARSKE NOVINY in Czech 21 Oct 91 p 9

[Interview with Vaclav Klaus, deputy prime minister and finance minister, by Marcela Doleckova; place and date not given: "Reform Does Not Need Correcting"]

[Text] Vaclav Klaus, CSFR deputy prime minister and finance minister, granted HOSPODARSKE NOVINY an interview prior to his departure for the International Monetary Fund and World Bank annual meeting:

[Doleckova] Does the Finance Council's recent decision [to issue convertible bonds] constitute a correction to reform? If it does, why has this step been taken now?

[Klaus] Our fundamental task is to exert pressure on enterprises and to change the economic climate so that enterprises begin behaving differently. A correction to reform is not necessary in this sense. The Finance Council's decision refers to something else. Prior to privatization, we had no monetary or financial resources. These are now beginning to be established, and the possibility of utilizing them is starting to emerge. Of course, it is up to the public to decide how the money from the National Assets Funds will be utilized. The public can state whether it wants, for instance, to construct a center for cancer research or whether it would rather resolve ecological problems. It can also state that it wants to deal with the problem of Tesla Roznov and similar enterprises. So, first of all, the view was clearly formulated—particularly on the Czech side—that it is necessary to utilize money from the National Assets Funds for purposes recommended by the Finance Council.

[Doleckova] However, shares that seem more interesting will be withdrawn from coupon privatization this way.

[Klaus] Nothing of the kind has ever been said. The decision that has been made is merely a recommendation to the funds—if they want—to issue so-called convertible bonds that, in time, will be exchanged for shares in privatized enterprises. Whether this is to the detriment of coupon privatization or not is another matter. The funds will utilize shares that are, or are not, possible for coupon privatization. However, this is not the most important issue. The issue of what to use these resources—albeit future resources—for is extremely important. That is, the issue of whether they should be used for this exclusive economic process or for a process involving a completely different orientation is important. I consider this to be a very legitimate question. However, it seems that the Czech National Council has given this fund certain authority and that the fund's board is resolved to utilize its resources in this manner. To return to your question, as long as we had no opportunity, we could not implement this process because we did not want to print money, we did not want to take away the public's savings, and we could not burden the state with a debt of ordinary state bonds.

[Doleckova] When the banks become the decision-making center, will they know whose debts to write off and to whom to lend?

[Klaus] I have no illusions that we will be able to do this. I mean both the state and the commercial banks. I do not share the self-assurance that bankers have about their capabilities. I am saying this as a person who has worked for 20 years in a bank. We view the difference between a state official's abilities and a commercial banker's abilities disparately, as far as this process is concerned. We are interested in ensuring that the process is carried out by a motivated entity in whose interest it is that the process should succeed. It is in the banks' interest to

make sure that they survive, that they are not burdened by insoluble debts, and that the commercial bank sector does not collapse following a chain of bankruptcies involving large debtors. The commercial banks are very highly motivated. Moreover, they are motivated in the sense that they have a certain continuity before them, while the state official is limited by a single electoral period and can promise something today and not be in his post in June 1992. This is also the reason we are entrusting this process to the commercial banks, rather than to state officials.

[Doleckova] You said that it is up to the CSFR people to decide whether they are willing to devote the National Assets Funds to this or that project. However, in connection with coupon privatization, there are fears that the state is gaining little for essential programs such as education, health care, ecology, and so on.

[Klaus] First of all, the state decided that it wants to carry out privatization; the most senior representative bodies made this decision. The enterprises have a range of privatization alternatives at their disposal. The one thing the legislator wants for them is that they be privatized. This means that everyone who knows how to conduct privatization by the standard method—which can bring an immediate contribution to the National Assets Funds—can do so. Of course, we are fundamentally opposed to state ownership not being defined, meaning that privatization will not take place. For us, the alternative is not coupon versus non-coupon privatization. For us, the alternative is privatization versus non-privatization. I must privatize by the coupon method if I am not able to do so otherwise.

[Doleckova] However, one objection to this is that, if privatization were not being rushed so much, it could be implemented by standard methods.

[Klaus] This process would take decades instead of one year because, in all the countries where privatization has taken place by the standard method, only a few enterprises were privatized per annum. This means that, if we were to conduct privatization by standard methods—privatizing 10 times as much as any other country has managed—we would need many decades.

[Doleckova] Theories about privatization by means of employees' or managerial shares are cropping up again and again. What is your view?

[Klaus] We do not consider managerial and employees' shares to be just from any point of view. The fact that someone who, by coincidence, has worked for a specific period (now the issue is for how long—a week, 40 years?) in a single enterprise has a claim to shares in this enterprise and that people who have never worked in a privatized enterprise have no such claim is unacceptable from the civic principle point of view. Secondly, economic theory has clearly demonstrated that a company owned by its employees does not conduct itself in an economically rational manner. I have to say—a little authoritatively—that this is an issue that has been solved in economic science.

[Doleckova] Does this state have a structural industrial policy, and can it be implemented?

[Klaus] In general, the state can do everything. For example, it can plan centrally, collectivize agriculture, industrialize an already industrialized economy, and create a nonsensical industrial structure. Our past was founded on a state structural policy that we called central planning. So, if we want to achieve different results, we must—as a matter of course—abandon this fundamental structural policy to a different mechanism, that is, to the market mechanism. The market by means of its signals—where, when, and how—must provide the fundamental framework. The state must try to speed things up, to provide support, to encourage, and to apply the brakes; however, in this sense, it really must have a fine-tuning role.

[Doleckova] Is the state fulfilling this fine-tuning role?

[Klaus] Unfortunately, the state cannot fulfill this fine-tuning role at the moment, because the fundamental mechanism that would make fine-tuning possible is lacking.

[Doleckova] Are you afraid that if the state is not capable of fulfilling a fine-tuning role, a widespread marketing crisis will occur?

[Klaus] There is already a widespread marketing crisis—considerable restrictions on effective demand in Czechoslovakia—and it is difficult for the state to have an affect on this crisis. The crisis was caused by a profound decline in sales abroad and by a massive reduction in demand at home. It is not true that this was caused by a decline in real income as a consequence of inflation. In our country, there has been a huge plunge in demand for certain types of Czechoslovak-made products and an inundation of different kinds of products. I have said many times that if someone really wants to help Czechoslovak industry and agriculture, then let us coin a phrase that was once in fashion in America and that in our environment would be: "Buy Czechoslovak products." If I want to help the Czechoslovak economy, then whenever I go into a supermarket, I should buy yogurt produced in Czechoslovakia and not abroad, I should buy a Favorit [car produced by Skoda] and not import a used car from abroad, and I should buy a sweater in Modeva [clothing cooperative] and not in Vienna on a weekend trip. It seems trivial, but this is the case.

[Doleckova] Under these circumstances, could the state encourage demand, for instance, by regulating the possibility of buying Czechoslovak yogurt?

[Klaus] This is unusually difficult. The level of protection for domestic producers—while still making it impossible to abuse a monopoly position—is a never-ending dilemma. No one knows of an absolutely ideal way somewhere in the middle.

Ukrainian Representative Views Bilateral Relations

AU2210184291 Prague RUDE PRAVO in Czech 17 Oct 91 p 14

[Interview with Victor Moroz, Ukrainian representative in the CSFR, by Bohuslav Borovicka; place and date not given: "Jointly, but in a Different Way"]

[Text] The Ukraine is the first republic of the Soviet Union to send its official representative to Czechoslovakia. He is Viktor Nikolayevich Moroz. Due to the fact that the form of our relations had not been legally determined as of yet, the Ukrainian diplomat has been accredited in our country as a USSR counselor of embassy. We asked him a few questions:

[Borovicka] What is the current status and standing of the Ukraine regarding the USSR and international relations?

[Moroz] The Supreme Soviet adopted a declaration on the state sovereignty of the Ukraine last year and proclaimed Ukrainian independence in September this year. In other words, the republic is now building its statehood. In the declaration of independence, it was stated, for example, that only Ukrainian laws are valid in the Ukraine.

This does not mean that the Ukraine intends to sever ties with the former union republics of the former USSR. We are for the creation of a common economic space and for the coordination of the principal questions of basic defense and foreign policy issues. We have concluded bilateral agreements on economic cooperation with the majority of the former union republics.

[Borovicka] You said former USSR. Was this a slip of the tongue?

[Moroz] After the majority of the republics have declared independence, it is impossible to speak about the Soviet Union in its previous form. The republics and the center are seeking to establish a new union or association based on different principles than the previous ones. L. Kravchuk, chairman of the Ukrainian legislature, said not so long ago that the Ukraine will be able to express its opinion only after the referendum on 1 December. However, even today it is clear that if there is a new union, its setup will be a confederative one.

[Borovicka] The new setup also assumes new relations between the Ukraine and its neighbors.

[Moroz] We anticipate that these relations will be friendly, of course. Our legislature said in this connection that the Ukraine has no territorial claims toward anyone, and that it intends to cooperate on the principles of equality and mutual advantage with all countries.

At the same time, however, we are prepared to reject any claims, including territorial ones, that others might have against us.

The are no problems of this kind today, and there are no reasons for them to arise.

[Borovicka] Does this apply to Sub-Carpathia, too? You must know that some people are demanding its reannexation to Czechoslovakia.

[Moroz] Yes, such demands have been voiced in the mass media and by some politicians. On this subject I can only say the following: The Sub-Carpathian region is an inalienable part of the Ukraine. Its population is composed of people of many nationalities, which creates favorable prerequisites for the development of cooperation with all the neighboring countries. The Ukrainian leadership makes its contribution to the revival of national awareness, including the cultural traditions, languages, and the script of the Sub-Carpathian nation.

If there are contentious issues in this connection, they should become the object of a joint study by historians. We would be doing a disservice to the nations of the Ukraine and Czechoslovakia if we, under the pretext of caring about the status of our countrymen, made territorial claims against each other.

[Borovicka] There are 11 million inhabitants of Russian origin living in the Ukraine. What are the relations between them and the Ukrainians?

[Moroz] They are very good, which is due to the relations between our two nations in general—today and in the past. If there are problems, they are isolated ones, and they are due to the fact that some people confuse the policy of the former USSR with the policy of Russia. There is a big difference between them, however.

I would like to add that other nationalities, too, live in the Ukraine, and there are virtually no disputes between them— not even indications that such problems might appear.

[Borovicka] What is the independent Ukraine's opinion about Czechoslovakia?

[Moroz] We are building a new state, and this also requires new relations with the surrounding world. From this point of view, the CSFR is one of the countries to which we attach the most importance. In a short time, groups of experts should begin work to prepare everything that is needed to establish full-fledged international relations.

The core of mutual relations should be economic cooperation. There are generally favorable conditions for that, yet efficient forms have still not been found—maybe because the way for clearing accounts has also not been made clear. Nevertheless, I believe cooperation will begin soon.

[Borovicka] Does the Ukraine have representatives in other countries?

[Moroz] Apart from Czechoslovakia, so far it has representatives only in Canada, Poland, and Yugoslavia. It also has a representative in the UN, of which the Ukraine is one of the founding members.

Government Plans To Reduce Budget Deficit Viewed

AU2110185791 Budapest NEPSZABADSAG in Hungarian 18 Oct 91 p 1

["Cs.K.K."-signed report: "Next Year's Draft Budget—The Burdens Are Increasing, and the Deficit Is Decreasing"]

[Text] The government is planning a 74 billion forint budget deficit for 1992—this fact comes to light from the guidelines of the state budget for 1992. This document reckons with a 104 billion forint increase of revenue and an 88.2 billion forint increase of expenditures compared to 1991.

As is known, compared to the planned 78 billion forints, this year's budget deficit will—probably—increase to 90 billion forints, because economic units have paid 20 billion forints less to the treasury than expected at the beginning of 1991, while the government's revenue from the value-added tax and the consumption tax has amounted to 7.5 billion forints less than expected. Only the general population came up to expectations because they paid 2.6 billion forints more in taxes and duties than planned.

Therefore, it is not surprising at all that the government again expects the population to enrich the treasury by 172.7 billion in 1992, as opposed to 136.5 billion forints in 1991. On the other hand, the burden of economic units will largely remain the same in 1992. However, revenue from taxes would increase by 53 billion forints, and a decisive portion of that would come from the consumption tax. The import of all such products that are cleared through customs on the basis of the trade tariff will be taxed.

On the other side of the equation, in accordance with the government's program of reducing subsidies, economic units would receive 52 billion forints in 1992, as opposed to 59.5 billion forints in 1991. Subsidies of consumer prices will be halved, reducing the 39 billion forints in 1991 to 17.5 billion forints in 1992. At the same time, the state would spend more than 4 billion forints more on central investment, and it would subsidize the construction of privately sponsored houses by 2.5 billion forints more in 1992. There would be 2.8 billion forints less assigned for company investments, especially for the construction of the gas pipeline at Yamburg.

In the first stage of the reform of social security, the government wants to make preparations to separate the various insurance areas and to increase expenses on a varying scale. Compared to 1991, the subsidy of social security will increase by 6.1 billion forints in 1992 and will amount to around 20 billion forints. In addition to the almost 100 billion forints in 1991, defense and other armed bodies would be able to have a budget of 12 billion forints more in 1992. The amount used for the family supplement would increase by the same amount.

As opposed to the 192 billion forints in 1991, local governments will receive 215 billion forints for investment and development from the National Treasury in 1992.

The government's budget guidelines planned for 1992 cannot at all be considered final.

Defense Budget Reported

LD2310063791 Budapest MTI in English 1741 GMT 22 Oct 91

[Text] Budapest, October 22 (MTI-ECONEWS)—The Ministry of Finance has earmarked 49 billion forints for the Hungarian Ministry of Defence in the draft budget for 1992.

The Defence Ministry actually put in for 67.4 billion forints.

The Ministry of Finance is projecting that the activities of the Hungarian Armed Forces will bring in about 7 billion forints in 1992.

This means that the Defence Ministry will not be able to put more than 8-10 per cent of its budget into development next year, much the same as this year: this sum will not be sufficient even to start replacing the Hungarian Army's Soviet (?MiG-21) fighters, developed 30 years ago, for example.

Ministry of Defence experts are planning to draft a separate budget for maintenance and development in future, meaning that a proposal for purchasing, say, 10 new fighters or helicopters would be put before parliament as an independent project. Should such requests be approved, the budget would finance them on a one-off basis.

Deputy Speaker on Free Democrats Alliance 'Crisis'

AU2110113291 Budapest 168 ORA in Hungarian 15 Oct 91 pp 12-13

[Interview with Alajos Dornbach, deputy speaker of the National Assembly and member of the Alliance of Free Democrats, by Eszter Radai; place and date not given: "The Loneliness of the SZDSZ"]

[Excerpts] The crisis within the Alliance of Free Democrats [SZDSZ] accelerated events in Hungary's largest opposition party. Debates clearly show that the SZDSZ's popularity is on the decline, different tendencies confront one another, and a new party chairperson needs to be found—however, to do this, the party members need to decide what kind of a party the SZDSZ should be in the future. Eszter Radai interviewed Alajos Dornbach, who announced last week that he would be willing to act as party chairman:

[Radai] When Janos Kis announced that he would retire from his position as party chairman, he said that one of his motivations was the belief—as he put it—that a party cannot be led by someone who does not participate in everyday political struggles. What is your opinion on that statement?

[Dornbach] I agree; that is what needs to be done. This is particularly true given that, over the next few weeks and months, the National Assembly will have to decide on major domestic policy issues that will determine our democratic transition for a long time to come. I believe it is very important for the opposition to be open to cooperation on economic and foreign policy issues, but there will probably be very violent confrontation on certain domestic policy issues. [passage omitted]

[Radai] According to political analysts—and [SZDSZ member] Peter Tolgyessy also said something to this effect last week—the SZDSZ no longer stands any hope of preparing for the elections as an alternative government party. What do you think of that?

[Dornbach] I have a different opinion on that. The SZDSZ's crisis primarily stems from the fact that people find it difficult to understand that being in the opposition actually means facing a series of defeats. I myself find it difficult to understand that, and it has represented a kind of spiritual crisis for me—in fact, for the party membership it still represents a crisis because our members do not understand that the party cannot achieve more in the National Assembly. This is a given fact, and it has to be taken into account. [passage omitted]

[Radai] Janos Kis also said—and this is something that many people see as the second cause behind the SZDSZ crisis—that there is a conflict between the liberal intelligentsia and the radical anticommunist membership of the party (in other words, a large proportion of the party). Do you think that this conflict can be resolved? If so, how? If not, are we to expect some kind of a rift as a result of this divergence?

[Dornbach] This is the most serious issue. Those SZDSZ members who are so-called radicals today have not understood (and who knows how long it will take them to understand?) that as soon as the change of regime took place, radicalism entered a different dimension. We need to be pragmatic and rational, not just principled. [passage omitted]

[Radai] Are you not afraid of losing those SZDSZ followers who joined the party because they were attracted by its radicalism and anticommunism? Thus, the SZDSZ would once again become an elite party, and it would cease to be an umbrella party, a popular party, or a mass party, which is in fact the party's aim.

[Dornbach] I would say that if we lose members for a certain reason, we will also gain members for the same reason. [passage omitted]

[Radai] Some members of your party [Gabor Havas, Ferenc Koszeg, and Ottilia Solt] believe that the SZDSZ should open up to social-democracy, or to the governing parties. What is your opinion on that?

[Dornbach] I think it is an erroneous approach. We do have partners; the Federation of Young Democrats [FIDESZ] is not just our potential ally. The SZDSZ and the FIDESZ have not formed any formal alliance, but the two parties think alike on most important issues. I do not see why we should try to cooperate with the governing parties; in fact, I would find that dangerous. Naturally, we support the government coalition on many issues, and I also know that there is one governing party with whom we can agree on more issues than with another governing party. However, this does not mean that we should try to form some kind of an alliance out of principle. When the time comes for the creation of a new coalition, one of the parties might become our ally. We have to be open to this possibility, but now is not the right time to cooperate.

Proposal to High Mass

[Radai] What about an opening to social-democracy and to the trade unions? How about becoming the party of employees? That was what Peter Tolgyessy suggested.

[Dornbach] It sounds very beautiful when people want to put social issues in the limelight in the middle of a changing and crumbling economic situation. We should also put greater emphasis on social issues, but we cannot fundamentally alter the party's strategy. I think that we should be the party of those who support the fastest and most complete transition possible, those who would prefer a society of liberated individuals rather than state care. We must not support any initiative that promotes prestige principles or centralization—regardless of the group that launches such initiatives.

[Radai] I think that Peter Tolgyessy caused the greatest stir with his statement last week, when he said that the SZDSZ should become a more patriotic party, and that it should establish dialogue with the clergy. How did you react to these suggestions?

[Dornbach] I was stunned. Peter Tolgyessy spoke as though the SZDSZ was not sufficiently patriotic. I consider that to be almost an insult. [passage omitted]

Candidate for SZDSZ Chairmanship Views Issues

AU2210104391 Budapest UJ MAGYARORSZAG in Hungarian 18 Oct 91 pp 1, 4

[Interview with Imre Mecs, member of the Alliance of Free Democrats, by Peter Hardi; place and date not given: "Joint Viewpoint With Debates"]

[Excerpts] Last week, Zoltan Bertha—a Debrecen representative of the Alliance of Free Democrats [SZDSZ]—said about his own party that it was veering to the left, and that in the background, it had formed an alliance with the Hungarian Socialist Party [MSZP] and the Hungarian Socialist Workers' Party. What does Imre Mecs, one of the party's leaders, think of that? Following the revolution, Mecs spent a year in a death cell, and he participated in the opposition movement right from the start. He is a founding member of both the SZDSZ and

the Network of Free Initiatives [Szabad Kezdemenyezesek Halozata]. Mecs is one of the candidates for the SZDSZ chairmanship position left vacant by Janos Kis:

[Hardi] Do you think that your party has forged closer links with the socialists and the left wing?

[Mecs] I do not like the term "left wing." If you are asking me whether we support those who live off their wages and salaries in their fight to improve living conditions, then my answer is yes. However, we are not at all doing this as if it were a class struggle. We do not wish to fill the left-wing vacuum that exists in Hungary's political life. We try to represent all nuances, from the acceptable principles of social-democracy to Christian liberalism. Nevertheless, we cannot forget that 40 percent of our members are workers. In Budapest, we were only given mandates in those constituencies where people lived off their wages and salaries.

[Hardi] What do you think of the opinion expressed by a Debrecen representative of the SZDSZ who claimed that the Alliance was collaborating with the MSZP in the background?

[Mecs] This is a false point of view. The fact that we sometimes vote the same way does not mean that we are cooperating.

[Hardi] Part of your electorate in the countryside feels betrayed. To what extent has this contributed to the SZDSZ's current crisis?

[Mecs] Let us look at things factually. Parties were formed very suddenly, and there was no time to get to know each other more thoroughly. I think that this is true for all new parties. That is why we need to reassess our viewpoints in the most orderly fashion possible. That is also why it would be good if Zoltan Bertha and others could discuss their viewpoints and elaborate their opinions within the party in an organized way, within the framework of platforms. Their views should be included in the leadership's statements. Incidentally, I was very sad to read the representative's statement.

[Hardi] How big a role did the popular-urban confrontation play in the development of the SZDSZ's current situation?

[Mecs] Since the Lakitelek meeting [first opposition roundtable meeting in 1987], people have jokingly said that there is a popular streak to Gyorgy Konrad, and Sandor Csoori has also been termed an urbanist. We should overcome these differences—without denying the existence of a certain culture, of course. [passage omitted]

[Hardi] You officially became one of the candidates for the SZDSZ's chairmanship post this weekend.

[Mecs] So far, three of us have accepted the nomination: Alajos Dornbach, Peter Tolgyessy, and myself. I have already worked out a program and will draft it in the days to come. [passage omitted]

On 2 November, at the next meeting of the SZDSZ national council, we will present our plans and defend them in the event of a debate. I think that the future leader of the SZDSZ needs to solve two important problems: The party needs to be reunited, and it needs to gain a broad basis. It is the historic role of today's politicians to establish a real legislative system and to develop a rotating political system. [passage omitted]

[Hardi] Do you think that the SZDSZ should come any closer to the Hungarian Democratic Forum?

[Mecs] To a certain extent, yes. It would also be good if they came closer to us. We should work out a joint agreement that both rotating sides could accept. Janos Kis started to define this in his "liberal minimum." At our meeting in Tata, I went further by saying that there was also a need for a "national minimum." This can find its inspiration in universal human rights, liberalism, and basic freedoms, but in establishing this minimum, we also need to take the history of our nation into account. I am thinking of basic issues that are acceptable to everyone, like patriotism and a unified assessment of our army. This is natural for the great rotating parties in Great Britain and the United States. Furthermore, this would give us the opportunity to check and criticize one another. We need all this for the sake of our entire society and nation.

Socialist Deputy Interviewed on State of Party

AU2210152791 Budapest NEPSZABADSAG in Hungarian 19 Oct 91 p 7

[Interview with Ferenc Kosa, deputy of the Hungarian Socialist Party, by Lajos Pogonyi; place and date not given: "We Are in a Schizophrenic State—Says MSZP Deputy Ferenc Kosa"]

[Text] [Pogonyi] You recently said at a conference that, in spite of its role in the change of regime, the current Socialist Party is not recognized by the five legislative parties. Is this not a bit of an exaggeration?

[Kosa] Like all pointed formulations, it is a little exaggerated. However, I must add that—partly through my original profession—I am very sensitive to the fact whether a person or any political force approaches another person or political force in a humane way. I definitely feel that this so-called humane approach is beginning to disappear among the parties in the National Assembly and outside the legislature, namely in society. Of course, this does not only work against the left-wing or the Hungarian Socialist Party [MSZP]—and on top of that, to the detriment of our country—but it also operates between the government parties and the liberals, and even among the government parties. I find all this unfortunate because it means exclusion, collective stigmatization, and general condemnation. All that is an attack on normal democracy. Well, this is why I also used such pointed words in the sentence you mentioned.

[Pogonyi] This is your opportunity to make things clear....

[Kosa] First we are people, then we are Hungarians, and we have a homeland; only then do our occupations, political affiliations, faith or lack of faith, come into importance. If this order is overturned and political affiliations come first, then that in itself is a distortion. Today, public life in Hungary is characterized by human dimensions becoming insignificant. This definitely distorts things, because everything gets terribly out of proportion, something that Hungary cannot allow itself.

[Pogonyi] Which parties or political forces could the MSZP form an alliance with?

[Kosa] Back in the middle of October, we held a discussion in the MSZP headquarters in Koztarsasag Square where this issue also emerged. Not only socialists participated in the debate, but left-wing people and other thinkers not affiliated to any party also came. Interesting and very open thoughts emerged, and may I respectfully suggest that NEPSZABADSAG publish the material of this debate in some form, if possible. The question you asked was also put strongly into words at this debate. Some of the participants held the view that the socialists should first seek possible cooperation with the various political forces. The first thought was that the MSZP, an opposition party, should seek an opportunity for normal cooperation with the two other liberal opposition parties. We should try to find the things that link us, rather than the things that divide us. A thought also emerged that, in the interest of the nation, we should also seek a different and constructive kind of cooperation with the rational forces of the government parties that are open to left-wing values.

[Pogonyi] What was your opinion?

[Kosa] In my opinion, the most important issue at the moment is not with which other parties the MSZP should seek cooperation. My definite view is that, while having to be open and having to seek the possibility of cooperation, we must first form a strong third force, namely the left-wing, which is capable of cooperation. We are in a schizophrenic state because the MSZP is a little bit of a successor party, and it is not; it is a little bit prominent, and it is not. In this kind of a situation, it is hard to cooperate with us, no matter which party it is. First of all, the honest thing to do would be if the MSZP first looked at its own affairs.

[Pogonyi] Can this also be understood as some kind of self-criticism?

[Kosa] I would talk about self-examination, which is an honest and hard task. The Hungarian left-wing should change in such a way—become strong morally, politically, in its program and in its action plan—that all political forces find it "impossible to disregard it". This does not mean that we desire power, but we must achieve a stage where it is worth considering us.

[Pogonyi] Rumor has it that you have been approached by representatives of various government parties to ask you to become a member of a center-right group, or if you like, alliance, that is being formed. Is this true?

[Kosa] It is not true in this form. I have been approached from many places recently, as well as in the past years. I was present at the talks in Monor, in the tent in Lakitelek, and in various workshops of the left-wing, because I have been open toward all values. I am also happy to cooperate with anyone today, but it is impossible for me to go to the center right "in an organized form." My heart beats on the left side, and it will stay there.

[Pogonyi] I read somewhere that as soon as the bill on the media and on education is passed in the National Assembly, you will thank your voters for their trust and give up your seat in the Assembly to someone else. Are you tired of being a deputy?

[Kosa] The situation is that I do not want to be a politician. However, I want to help this country—I hope it does not sound pompous—and the people who live here. My actual profession is to deal with culture, direct films, and write. I recently participated in a conference where we discussed this very topic with my Czech and Polish colleagues in the film industry. Andrzej Wajda became a deputy in Poland, and a number of my Czech artist and intellectual friends did the same. We discussed that we would not be needed as politicians once we manage to lead the future of our countries' culture in the right direction. We can do much more by pursuing our own professions. It is not that I am tired, but one has to feel how long one is needed and where one can help. At the time of the transition, I felt that perhaps I could help in the various democratic workshops, precisely because the transitional period was peaceful and humane. I thought that I would be able to speak in the National Assembly in my own voice—I believe—in a normal human voice. At the beginning of 1991, I said in the National Assembly that I acknowledged the necessity of having parties and the justification of a multiparty legislature, but we should equally rise morally, humanly, and politically to reach the level of a nation-oriented or even a human-oriented legislature. When I said this, there was an uproar in the Assembly, although I spoke quietly and I thought I would not offend anyone.

Poll Views Attitudes to Government, Opposition

AU2210180891 Budapest MAGYAR HIRLAP in Hungarian 21 Oct 91 p 6

[Report by Guy Lazar: "Opinions on the Government and the Opposition Are Similar"]

[Text] At the request of MAGYAR HIRLAP, the Median Ltd. carried out another public opinion poll on the activities of the government. The results show that dissatisfaction with the work of the cabinet has further decreased in the past months. People have an inconsistent attitude toward the opposition, because they find the opposition to be more attractive than the government, but they would not trust the opposition with governing. (The survey was carried out on a sample of

1,200 people representing the adult population, between 20 and 30 September 1991.)

The vast majority of people continue to find the performance of the government since it took up office to be poor, and only a small proportion of people find it good or very good. However, the proportion of dissatisfied people has further decreased since May 1991, and the proportion of satisfied people has increased. If we express the results of the last six months with an index from zero to 100, we can say that the surveyed people collectively evaluated the work of the government at 31 in March, 34 in May, and 37 in September.

Neither the government supporters nor the opposition voters evaluate the work of the government in a uniform way. People who would vote for the Hungarian Democratic Forum [MDF] at the next elections made the most favorable comments about the work of the government (index: 51), while the supporters of the Christian Democratic People's Party [KDNP] and the Independent Smallholders' Party [FKgP] were less satisfied (45 and 43 respectively). At the same time, supporters of the Alliance of Free Democrats [SZDSZ] and the Federation of Young Democrats [FIDESZ] still condemned the cabinet less (35) than the voters of the Hungarian Socialist Party [MSZP].

Incidentally, whether people would participate in the new election is closely dependent on the measure of their satisfaction with the work of the government. A much greater proportion of people who evaluated it as good said that they would certainly go to vote (56 percent) than of the people who found it poor or very poor (40 and 34 percent respectively)—as if people only considered the elections to be good for either confirming the government in office by their participation or for reprimanding it by their absence. As if the "outbreak" of democracy only meant that, from now on, they could themselves decide whether to express their loyalty toward the "system" and the prevailing authority.

We cannot only attribute this to the continued existence of paternalistic-apolitical traditions rooted in the previous system(s), but we can also attribute it to the fact that the opposition does not present an alternative governing force. We were also able to see this when we asked people to describe the two opposing sides, with the help of 12 pairs of characteristics. The following conclusions can be drawn from this description:

1. In the opinion of the public, there are only differences of degree between the government and the opposition, because the two sides have more similarities than differences. The various properties characterize the government and the opposition to a varying extent, but the differences are small, and they are close to the average. Therefore, the profiles created by the descriptions are also very similar, and they are almost parallel. As if the two sides were the imprint of each other.

2. Within that, the opposition has a better image than the government, because the former is considered to be slightly better than the average, and the latter is slightly worse than the average. This is also manifested in the fact that the opposition was evaluated to be better from 11 points of view, and the government was better from one point of view. The exception is interesting: People see the opposition to be more aggressive than the government.

3. The opposition is considered to be more attractive because it is more open, honest, prepared, consistent, and more determined than the government; at the same time, the opposition is not considered to be much more attractive, because it is not peaceful, united, efficient, humble, or strong enough. The public is not satisfied with the government because it is seen to be even less humble, strong, or united, and because it is not found to be determined enough or considerate enough. These results show that most people hold an image of an incompetent government of medium abilities standing against an also incompetent opposition with good abilities that is also aggressive.

The formation of this image can also be explained by the fact that a large section of people are not clear about the possibilities and tasks of the opposition. We can also see the reflection of the fact that the opposition does not make good use of its possibilities and does not properly fulfill its duties.

It is certain that there are two factors behind the similar evaluation of the government and of the opposition. One factor is that the less-educated people who make up the majority of our population are less aware of the differences between the two than the more educated. We can see this best when we compare the answers given by people with the lowest education with the answers given by people with the highest education.

In the case of the least educated people, the two sides almost merge into one another. We can observe the only essential difference in the aforementioned question: These people regard the opposition as the most aggressive, and the government as the most peaceful. They only see the "quarrels" in the National Assembly. (and they provide the fewest voters)

In the case of university graduates, the two sides are differentiated quite strongly: The government is viewed according to the average, and the opposition is viewed better than the average. These people think practically the same way about the aggressiveness and peacefulness of the two sides.

At the same time, the evaluation of the government and of the opposition is similar also, because everyone praises his own side: The government party voters favor the government, and the opposition voters favor the opposition. Within this, the fact that the pro-government camp is not as uniform as the pro-opposition camp also harms the evaluation of the government. The FKgP and KDNP followers praise the government less than the MDF supporters. However, SZDSZ, FIDESZ, and MSZP voters regard the opposition similarly.

With the decrease in dissatisfaction toward the government, there has also been a decrease in the percentage of people who would prefer another cabinet instead of the current one. Slightly fewer people would agree today with the dismissal of some ministers; much fewer people would agree today with a joint government set up by coalition and opposition parties; and more people would agree today with no change in the composition of the present cabinet.

MDF followers are more in favor of the current government than the FKgP supporters, and much more than the KDNP followers. SZDSZ voters are urging for a government reshuffle, and the FIDESZ voters are urging for a big coalition. The MSZP followers would prefer new elections.

CSFR Coexistence Leader on Environmental Talks

AU2110185191 Budapest MAGYAR HIRLAP in Hungarian 18 Oct 91 p 4

["O.Z."-signed interview with Miklos Duray, legislative representative of the Coexistence Political Movement in the CSFR; place and date not given: "I Am in a Politically Awkward and Delicate Situation...."]

[Text] Miklos Duray was present as a member of the CSFR delegation at a recent three-day environmental protection meeting in Budapest. His reserved behavior at the meeting was uncharacteristic. He only spoke about the reasons behind his reservation after the signing of the closing document:

[Duray] It is true that I spoke little during the talks between the environmental protection committees of our two countries; I tended to concentrate on the actual work and on the drafting of the closing document. I am perfectly familiar with the Bos constructions, and that is why I thought it was important for me to draft a mutually acceptable agreement. I am in a politically awkward and delicate situation because I am an ethnic Hungarian member of the Federal Assembly. I can be the subject of numerous (even simultaneous) political attacks from both countries on this issue, which is delicate for both the CSFR and Hungary. Both parties can accuse me of siding with the other. Unfortunately, this is not just speculation because, in the past, both the prime minister of the federal government in Prague and the Slovak prime minister accused me of being the Hungarian Government's agent, as far as the dam issue was concerned. During the drafting of the closing document, one of my fellow colleagues accused me of secretly collaborating with the Hungarian side and influencing the course of the negotiations in a way that favored the Hungarians.

[MAGYAR HIRLAP] To what extent could you influence the course of the negotiations?

[Duray] Only to the same extent as others! I see this as a very malicious comment, and I take it much more seriously than a little political joke, because the individual who made the comment represents a party that belongs to the Slovak national-socialist tendency, a party that will probably become the most influential organization at the next legislative elections. I definitely represented my voters by attending this meeting, where we succeeded in approving a document that could bring this affair out of its current deadlock—the document might be point toward a solution that would give preference to professional facts over political viewpoints.

[MAGYAR HIRLAP] Professional assessments could, sooner or later, become political arguments again....

[Duray] That is inevitable. We would like to make up for previous shortcomings through the policy we have suggested. Primarily, this policy does not burden the responsibilities of today's governments; it rectifies the mistakes of the 1977 interstate treaty. Unfortunately, it is no longer possible to make a complete, subsequent rectification because of the work that has already been done. I think it would be impossible to build the barrage system as it was originally planned.

[MAGYAR HIRLAP] As far as the barrage system is concerned, there are several suggested solutions.

[Duray] The CSFR side is officially talking about seven variants, but there are also two interim solutions, and we are familiar with the H variant suggested by environmentalists and those who live in the affected area (this variant aims to dismantle the installations that have already been built and to rehabilitate the area). This last variant is unacceptable for the Czech and Slovak side, of course. The agreement between the expert committees of our two countries does not bring us any closer to a solution either, because it stipulates the need for a professional assessment of the problem. However, if such an examination is reliable, it will definitely serve the interests of those who live in the affected area. If a scientific study shows that the installation does not endanger anyone in its present state, then the local population will accept this assessment. However, I think that this is well nigh impossible.

[MAGYAR HIRLAP] Is this all that could be achieved at the talks?

[Duray] This was the most we could possibly achieve. The CSFR side is bound by its legislative and governmental decision, which does not even authorize its Environmental Protection Committee to suggest that construction be suspended while scientific research is taking place. The Hungarian National Assembly's decision, on the other hand, does not authorize the Hungarian side to agree with the building of the hydroelectric power station. Retreating behind these landmarks, we were able to formulate a document that could enable both sides to accept or reassess the decision taken by their own legislature or government.

Bielecki Discusses Economy, Political Scene

PM2310085191 Szczecin GLOS SZCZECINSKI in Polish 12-13 Oct 91 pp 1, 3

[Interview with Prime Minister Jan Krzysztof Bielecki by correspondent Krzysztof Jasina; place and date not given]

[Text] [Jasina] Mr. Prime Minister, would you tell us about the moves to secure special powers for the government? Some months ago Walesa "cleared the foreground" for you, but you still did not take up his initiative. As we hear, it was all "because of your love of democracy." Recently, however, you turned to the idea of the special powers again, though the chance that the "contractual" Sejm would agree to such extraordinary powers was rather slight.

[Bielecki] Previously, we had to take into account the argument of the overriding principles that guarantee a certain range of powers for the legislative authority. However, after Walesa's initiative, the situation began to deteriorate steadily, and that was why we decided to apply for the special powers again, albeit unsuccessfully.

[Jasina] It could have resulted in the government's resignation....

[Bielecki] Let me reiterate again what I said in Parliament: that I refuse to be pawn in the game, a figure who can be appointed or recalled at will, and positioned as is currently expedient—10 billion zlotys to turn left or 10 billion zlotys to turn right—and so on. Some people forget that the Polish state must continue to exist even after the election, when many of the present parliamentarians will have been forced to turn to other occupations.

[Jasina] The government is still carrying out its duties, but the public keeps hearing repeated "leaks" referring to certain disagreements within the government "family."

[Bielecki] This is partly the natural consequence of the existing situation, which in turn results from the manner in which the government was appointed and the way in which changes are currently made within it. Let me remind you that the government team was selected by way of "telephone appointments." It was a completely surreal situation: I did not even get to meet three of my own ministers until I saw them in the Sejm chamber during the ballot that was to decide the government's composition. Nor is it true what certain journalists wrote at the time: that it was all prearranged by President Walesa. He had no influence over the cabinet's individual makeup....

At the time, I still assumed that the government constituted, quite simply, a team of people who would be efficient administrators in their respective allocated fields, within the domain of managing the state. I was mistaken. Today we can see clearly that, in line with the majority of forces in our country, the government has become politicized. It suddenly turned out that, at this highest level of power, we have 26 candidates for parliamentary seats. What is more, even lower-ranking state officials are beginning to evaluate the government's policies. Some of them forget that the role of a civil servant is to perform his official duties properly. We have here examples of classic schizophrenic "split personalities": "my position as an official," "my position as a private individual," "my position as a party member," and so on.

You must also remember that we are still operating within a system—inherited from the communists—whereby the structure of central bodies of state administration is based on sectoral divisions. We now know how to adapt this structure to the newly redefined role of the state, and we have already started to implement these adaptations.

[Jasina] Recently, the press published a whole avalanche of information on serious economic rackets and frauds. Cases of corruption in the state administration system generate widespread public suspicion of high-level mafia connections. Some claim that such practices have been made possible by Bielecki's "thick line," [reference to Mazowiecki's "amnesty" for communist nomenklatura's past malfeasances], that is, his consent to the practice whereby ministers and state officials take out shares in economic joint ventures.

[Bielecki] When I abolished the ban on civil servants' involvement in joint ventures, I was only too well aware of the great risk I was taking. Today I would think twice about the advisability of that move. But I abhor facades and fiction, and I wanted to introduce the normal principles that obtain in Western Europe, where state officials are required to declare their finances initially when they assume office, then repeat the declaration twice yearly, and then, of course, at the end of their term of office. The rules are very clear and can be summed up as the "hands on the table" principle. I believe that this is a sound principle. The political stabilization that we will eventually achieve will inevitably bring with it political professionalism. No politician will find it worthwhile to make a false financial declaration because, if he does do so, inquisitive journalists will sooner or later destroy his career. It will not be possible to conceal for long any divergencies between a public person's declaration of assets and his true financial condition.

Let me also mention here several specific moves that we implemented and that seem to have been overlooked by everyone. We made an almost masochistic decision to eliminate the opportunity to settle in the capital. A minister will be installed in official accommodations, which he will have to vacate within a month of ending his term of office. We also got rid of many other privileges, such as the prime minister's right to use an official automobile "in perpetuity"....

[Jasina] Nevertheless, you failed to prevent or preempt many economic frauds and rackets, such as the "Art-B-Gate," or the "FOZZ-Gate" affairs.

[Bielecki] These affairs were, on the whole, facilitated by the condition of maladjustment between the law and the dynamically changing economy. There will always be people who can exploit existing legal loopholes to their advantage with astounding ingenuity. In my opinion, the worst thing in such affairs as the "Art-B-Gate" is, the kind of public "desensitization" that accompanies them. Some bank managers refused to accept "non-kosher" checks brought in by customers; others accepted them without any question. Former bank tellers should have taken note that at the end of the day they would receive 40 checks instead of one. Nor were the operations carried out by the monitoring institutions efficient enough; furthermore, the investigation into the Art-B affair took far too long because our prosecution apparatus has far too few genuine experts on financial frauds. And so on, and so forth. Those people did not actually commit any crimes: They were sometimes incompetent and sometimes indifferent. Of course, many of these affairs involve outright criminal activities too, and they in turn require precision in their unmasking.

[Jasina] If you were to form the government all over again—assuming that your hands were not in any way tied—whom would you appoint your finance minister and your deputy prime minister for economic affairs?

[Bielecki] Let me quote you, in reply, the slogan coined by a certain "progressive" lecturer in political economy in the early eighties: "A central planner plays a game of market strategy." This state of affairs is what Balcerowicz's adversaries are aiming for. I will certainly not wash my hands of Balcerowicz, particularly in the current situation. At present, Balcerowicz is not so much an embodiment of a bad, good, or very good finance minister, as he is a symbol of the direction the reform process has taken in Poland. Many of his critics propose that we trade him in for a return to socialism with a human face, or to a centrally controlled market economy.

[Jasina] In Warsaw, we can see election posters carrying your photograph and the caption "Do Not Be Afraid of Tomorrow." But what have you to say to those who fear the present day, for example old age and disability pensioners?

[Bielecki] People are generally inclined to believe in miracles. There is a certain subconscious dream of a return to the old, familiar times which produced the illusion that we can somehow get by—if we lose financially in one area, we can always somehow make up for it in another. But this is impossible. Unless we want to return to a "natural" economy, the beginnings of which we can currently observe in the Soviet Union: without money and without the fundamental economic laws.

Janos Kornai, who is considered by some to be the best economist in this part of Europe, wrote in his book "The Road to a Free Economy" that all those who believe themselves socialists and maintain that a state's primary task is to provide a social welfare system and to protect the poorest should, first and foremost, declare whether they are for or against inflation. If they say in the same breath that they are in favor of the welfare state and high inflation, they are simply taking the poorer social strata for a ride. Kornai expresses here the fundamental truth that an unstable economy and inflation will hit the weakest social groups in the first place.

We can see an excellent example of this principle occasioned by the current debate on the pensions act. A significant proportion of employees are retiring now, and their retirement benefits are higher than their pay in the period before retirement. On the other hand, the lowest pensions are not updated and adjusted, and that latter group of people lives on the borderline of destitution. This is thanks to the "socialists" in the Sejm who have been blocking all attempts to regulate this problem rationally.

[Jasina] The prospect of regionalization, which you favor and promote, is seen by many people, especially inhabitants of the border territories, as a reason for serious anxiety.

[Bielecki] What danger are you implying? I know that the population of Western Pomerania, for example, has some reason to fear the Germans. I understand this: My own grandfather was shot by the Germans on the second day of the last war. But are we supposed to keep looking backward all the time? When we begin to look forward and aspire to membership of the family of democratic countries, we must take note of the simple fact that we cannot become an active member of the European Community over the heads of the Germans. If we place our trust in integration processes, we must also take note of the direction of change that will lead us more surely in the direction of a Europe of regions than a Europe of separate states surrounded by cordons of troops or barbed wire fences.

[Jasina] All the same, certain parties—including the Center Alliance—have accused you and the Liberals of a measure of insouciance in your policy toward Germany. They are concerned that you underestimate the danger stemming from Germany's economic might.

[Bielecki] I did consider the possibility of "reinforcing" our western border. We could return to the idea favored at one time by General Jaruzelski: to put on a uniform, bedeck ourselves in medals and orders, and let ourselves be photographed against a border post on the Odra River. But it will be better if we talk seriously about serious problems.

[Jasina] You are a frequent visitor to large industrial enterprises. Yesterday, you received representatives of the Police Chemical Plant. Does this indicate an increased interest in the fate of these mammoth structures, which find it very difficult to adjust and adapt to the new economic circumstances?

[Bielecki] It is true that, for the past few months, I have busied myself with playing the part of industry minister, as my adversaries spitefully claim. But the aim of these visits is different. Economic transformations, which are inevitable in enterprises such as Police, involve the necessity of certain operations on, as it were, the living tissue of the human community. This can only be done if we prepare the climate for it, and that is precisely what I am trying to do. I also want to make people aware of the positive examples of similar transformations. I can safely claim that, in certain cases, they have indeed been successful. Not because Bielecki arrived with a sackful of money, but because we honestly spelled out the realities of the situation in face-to-face talks: Cuts must be made here, this area should be developed, and when you come up with a reasonable plan of action, the government will back it with its support. The situation at Police is like this, too. I hope that we can soon expect to see a substantial program for improvement and begin the process of climbing out of the depression.

[Jasina] Why do you think some of your adversaries are so critical of your passion for playing a game of soccer?

[Bielecki] Because... that is something tangible about me that they can kick. My otherwise likable colleague Stefan Jurczak reached the heights of absurdity when he publicly protested against my interest in kicking a ball. It came out like a weaker line from a poem by a mediocre but worthy and socially highly conscious nineteenth-century poetess, to the effect that people's living conditions are becoming more and more unbearable, while those irresponsible boys amuse themselves idly by kicking a ball. Therefore, we must register a sharp protest against such callousness.

Well, this sounds like a sketch from a political comedy program, but we must grin and bear it. We simply have not yet developed the sporting spirit that is apparent in a strong and fit society. On the contrary, we regard interest in physical exercise and sport as evidence of a rather embarrassing intellectual disability of which we should be ashamed. We are not like the Americans: There, President Bush commented on the Gulf war even as he was playing a game of golf.

[Jasina] You are also being "kicked" for your Liberal allegiance....

[Bielecki] The critics are beginning to use the word "Liberal" as a trigger term designed to evoke a negative response in the collective public mind. The implication is quite obvious: If the Liberals were to go away, things would improve. In any case, I am also being chastised by those who know full well the meaning of the term "liberalism" in the economy and in politics. Both the eminent economist Milton Friedman, who is otherwise a personal friend of mine, and the late Stefan Kisielewski, admonished me quite vigorously for my policy of maintaining an inflexible rate of exchange for the dollar. The list of my "sins" is, of course, much longer. But I must make pragmatic choices here that will be based on their expected advantage for the country, not on the preservation of the purity of a given doctrine.

[Jasina] Thank you for talking to us.

PAP Reviews Electoral Campaign Activities

LD2310034791 Warsaw PAP in English 2324 GMT 22 Oct 91

[Text] Warsaw, Oct. 22—As the electoral campaign in Poland is gathering momentum in the last week before the October 27 general elections, the first fully free and democratic ones since World War II, ever more voters express dissapointment over the performance of politicians and parties that had a say in Poland in the past ten months.

A survey carried out by researchers from the Polish Academy of Sciences (PAN) showed many people feel that politicians and parties failed to meet the expectations raised during the presidential elections of December 1990.

Some voters even say that "socialism was a good idea but badly implemented." Many of those polled expect from the state a better welfare policy and measures to prevent unemployment. However, these leftist inclinations of part of society are not accompanied by support for the left-wing candidates, the researchers concluded.

Leader of the Democratic Union (UD) Tadeusz Mazowiecki who on Tuesday was campaigning in Katowice, southern Poland, admitted that people in Poland feel tired with hardships that follow the fundamental reconstruction of the country. But at the same time he encouraged his supporters not to succumb to the feeling of apathy or aggression.

"A stable Poland is needed in Europe, as only such a Poland may have an influence on the situation on our continent," Mazowiecki declared.

At a meeting in the central city of Kielce, Bronislaw Geremek (UD) declared readiness to become the prime minister of the new government.

Meanwhile, Aleksander Kwasniewski, leader of the Social-Democracy of the Republic of Poland (SDRP) which is the successor of the former Communist Party, claimed Poland needs more social control of the state authorities. At an electoral meeting in the north-east provincial city of Olsztyn he also warned against "decommunization" of the country as the most dangerous slogan voiced during the present campaign.

Solidarity leader Marian Krzaklewski claims that the union wants to have a group of deputies in Parliament rather than power but wants this group to be bigger than those of ex-communists and cryptocommunists. He declared this at a meeting with inhabitants of Przemysl, south-east Poland.

Zbigniew Bujak, once a legendary figure of the underground solidarity and now the founder and leader of the Democratic Social Movement (RDS) rallied his electorate in the southern mining city of Dabrowa Gornicza and spoke in favour of boosting home production and promoting Polish goods.

Bujak's electoral committee decided not to spend money on electoral posters in the campaign but instead bought some medical equipment for a hospital in Nowy Dwor, north-west of Warsaw.

Also leader of the Confederation of Independent Poland (KPN) Leszek Moczulski told his followers in Czestochowa that his party was for the development of national industry. He also blamed the former government of Prime Minister Mazowiecki and the present cabinet alike for the bankruptcy of Polish agriculture.

Janusz Korwin-Mikke, leader of the Union of Realpolitics complained at a meeting in Katowice that Poland still lacks genuine liberalism and demanded a truly free market to replace the Balcerowicz programme.

In another development, the Democratic Party (SD) leadership in Warsaw complained that SD and its leader Aleksander Mackiewicz were subject to unjustified attacks of late. Mackiewicz was home trade minister in the Mazowiecki government and is often mentioned as one of those responsible for the notorious alcohol scandal.

Meanwhile, in Strasbourg, the Amici Poloniae group of deputies to the European Parliament issued an appeal saying that friends of Poland are greatly interested in the outcome of the "first truly free elections since World War Two" and believe that the Polish people will fulfil their mission that gives Poland a special role in the history of postwar Europe.

Defense Official on Security, Election Issues

AU2210141291 Warsaw POLSKA ZBROJNA in Polish 17 Oct 91 p 3

[Interview with Janusz Onyszkiewiocz, vice minister of national defense and Sejm candidate, by Andrzej Medykowski and Jerzy Rajch; place and date not given: "The Army Should Be Aloof To Party Squabbles"]

[Text] [POLSKA ZBROJNA] Europe is changing before our very eyes. Optimists and pessimists both have reason to claim that either a golden age or oblivion are in store for us. Unfortunately, the latter group has established considerable evidence to justify its claim lately. For example, the FRG, previously preoccupied with the absorption of the GDR, will settle all its domestic affairs shortly and will then begin dominating Europe. The concern of the population along the eastern border is growing. Czechoslovakia is on the verge of collapse, and the Kaliningrad Oblast will soon become an arena of competition between European powers, to Poland's detriment. Even if no one is capable of foretelling the further development of events, it is worth constructing a few scenarios and considering what to do to avoid unpleasant surprises. Which scenario is the most probable one?

[Onyszkiewicz] I am sure there is little likelihood of the pessimistic scenario ever coming about. The federation of Czechs and Slovaks should withstand the test of time. There is no reason to doubt the sincerity of the declarations made by Helmut Kohl and other politicians of his generation. They are determined to pursue a policy of good-neighborly relations with Poland and include Germany in European structures. So I think right now there is no reason to fear anything though, of course, someone might say it is impossible to tell what might happen in a few years time.

The greatest unknown quantity is the development of events beyond our eastern border. The collapse of the Soviet Union may lead to the appearance of completely independent states. The question of what will happen to nuclear weapons in this area arises at this point. President Gorbachev's latest declaration indicates that strategic nuclear weapons will remain in the hands of a single decisionmaking center, whereas tactical nuclear weapons would simply be destroyed.

Until now, there were fears that these weapons would be in the hands of several local centers, which would have thrown the entire nuclear non-proliferation treaty into question. Such a desire for control has been evident in the statements of some Ukrainian politicians. True, they have said they want the Ukraine to be nuclear-free, but not until later in the future. For the time being, in the transitional phase, they want to retain control over tactical nuclear weapons at least. They have not made it clear to what extent they wish to control them, neither do we know how long the transitional phase is supposed to last.

But the question of conventional weapons is still unclear. The Vienna accord defined the quantity of armaments in five basic categories (tanks, airplanes, helicopters, artillery pieces, and armored fighting vehicles), and the Soviet Union was assigned a given quantity. Therefore, the question remains, should some of these armaments be given over to the newly-emerging countries or not?

The most sensible idea seems to be to recognize all the countries that are breaking away from the USSR, i.e. the Baltic countries, Belorussia, and the Ukraine, as successor states that are bound to the commitments entered into by the USSR when it concluded this accord.

[POLSKA ZBROJNA] The southeastern part of our continent is a very active region. We have several neighbors in the east. That is changing the balance of forces in this part of Europe, even more so because the newly emerging countries also wish to have their own armed forces.

[Onyszkiewicz] Yes, Lithuania, Belorussia, and the Ukraine do wish to have their own armies, and have

already begun to create them. Another neighbor is Russia. We share a border with the Kaliningrad Oblast, and there is bound to be a Russian national force stationed there.

Our relations with all the countries that have declared their independence are varied. Generally speaking, one can say that these relations could be better than they are. Our relations with Lithuania have deteriorated due to the Lithuanian government's activity aimed against the Polish minority there and its district. As far as Belorussia is concerned, the Belorussian authorities wanted us to recognize parts of our eastern territory as Belorussian as a condition for the conclusion of an agreement. Fortunately, that has changed.

Our best relations are with the Ukraine. Although there are some Ukrainian groups who are laying claim to Polish territories as far as the San river, i.e. Przemysl, and even Chelm, these are nostalgic aspirations, and the Ukrainian authorities consider the question of borders to be closed.

Finally, we come to the question of security in our region. Extremely important political processes are occurring beyond our eastern border. They include a tendency to create national armed forces and ministries of defense for each republic. It is difficult to judge in what way the situation will develop. There is a concept of a union in the form of a confederation of states, involving a certain economic union or joint defense system, at least to a certain extent.

In such a situation, the strategic and tactical armed forces would remain under central control. These would be professional armed forces, of course. Each republic would form its own territorial defense force. There are many things that have to be determined quickly, because the date for ratifying the Vienna treaty, 19 November, is drawing near.

[POLSKA ZBROJNA] Is that date realistic?

[Onyszkiewicz] I think it is, but of course it depends on the activity of European diplomacy. The new countries have to issue the appropriate declarations and subscribe to the CSCE process and the disarmament treaty.

[POLSKA ZBROJNA] In other words, it lies in Poland's and Europe's interest that certain matters pertaining to the new countries that are—still—part of the Soviet Union be resolved at the central level.

[Onyszkiewicz] Not quite, perhaps. Poland wants each country to have the right to self-determination. We want the process of transformation in the USSR to proceed calmly, without situations like in Yugoslavia. As far as the Vienna treaty is concerned, it would be good for the USSR to have a single successor. But that is a technical matter that can always be resolved differently.

[POLSKA ZBROJNA] It is said that the era of alliances is over, and it is time to create a single European security system. Surely we will not limit ourselves to bilateral agreements?

[Onyszkiewicz] We must establish bilateral contacts, including military ones, and we will surely do so with our eastern neighbors. After all, we already have accords with Germany, France, Czechoslovakia, and Hungary.

I agree that the era of alliances is over. But there is one exception—NATO. The North Atlantic alliance is a basic component of European security today. We are not trying to join NATO, but we do want NATO to consider the whole of Europe as its sphere of security, so that the security of Poland and its neighbors can be seen in NATO headquarters as an integral part of NATO responsibility. In fact, that is already the case, because statements to that effect are contained in declarations issued in Copenhagen and Brussels.

[POLSKA ZBROJNA] That puts us in a situation similar to Sweden's.

[Onyszkiewicz] Sweden does not belong to NATO, but NATO still extends its care to that country, despite the absence of a formal declaration. Similarly, threats to Poland are not just a Polish domestic problem. Right now, there is no visible threat to Poland's existence like there was in 1939.

[POLSKA ZBROJNA] But local threats can manifest themselves.

[Onyszkiewicz] That is most likely along the eastern border. That is why we must have suitable forces deployed there to stop conflicts overflowing to our territory. One cannot rule out the possibility of some political force appearing with an army at its disposal, and that this force will, first of all, occupy a part of Polish territory and then conduct negotiations on the basis of a fait accompli. The purpose of an army is to prevent such an evil and an improbable development of events.

[[POLSKA ZBROJNA] That calls for a relocation of Polish Army units.

[Onyszkiewicz] That is also what we are carrying out, slowly but surely, to the best of our ability. Then we will be able to react quickly to any move by a potential enemy. We are bound to be able to deal with the enemy, because he will have weapons similar to ours and not state-of-the-art technology.

[POLSKA ZBROJNA] European security is far from perfect. Confrontation politics might already belong to the past, but the CSCE process seems to have ground to a halt. Some people claim we are in a worse situation now than we were before, as illustrated by the Yugoslav crisis, for example.

[Onyszkiewicz] I do not think the CSCE process has exhausted its possibilities. The tragedy is that the Yugoslav crisis erupted just after the end of a certain stage and

the appointment of new CSCE institutions, because these institutions were not ready to become operative and tackle this sort of challenge. But despite the present imperfections, the CSCE is a basic framework within which European security must be contained.

But that does not mean we should sit and wait until everything sorts itself out. We are not waiting. We are pursuing energetic activity within the framework of the Visegrad tripartite agreement, establishing contacts with Western countries, and making an effort to form a network of regional political and economic links. All this is strengthening our security.

As far as NATO is concerned, Poland's stance has not changed. We still think NATO should remain, and that it cannot be indifferent to the security of Central and Eastern Europe. That is the stance NATO itself has clearly adopted. It is not clear how NATO would react to a threat to our security, but this uncertainty might be an additional deterrent.

[POLSKA ZBROJNA] A strengthening of security is expressed mainly in political actions. What about economic actions?

[Onyszkiewicz] The economy must be strengthened, regardless of what might happen beyond our borders. I do not mean that, unless we improve our economy today, we might receive a foreign threat. I mean that we will quite simply be poor. A weak economy means less money for education, health, and defense. Strengthening the economy is the number one task.

Of course, it will be easier to strengthen the economy if the economies of our neighbors, especially in the East, also are strengthened. Our industry was geared to trade with the East, and the collapse of that trade is one of the main reasons for our present economic difficulties. It is worth noting that Finland is also experiencing difficulties because of the collapse of the Soviet economy, even though Finland never was communist.

[POLSKA ZBROJNA] The Sejm has passed a series of laws on defense and the armed forces recently. They will not have much of a bearing on defense because the condition of the Polish economy does not permit any changes whatsoever. However, surrender does not lie in our Army's nature; nevertheless, there must be an answer to the question what next.

[Onyszkiewicz] There is no question of surrender. What is more, there is no reason to do so. We have enormous financial problems, we have problems with equipment, but we are not the only ones. When we look at the military problems of our eastern neighbors, we will see that their problems are no smaller than ours.

As for what is next, the answer is obvious. We must educate cadres and train soldiers. It is relatively easy to manufacture a tank, but not so easy to train a tank crewman, to say nothing of a pilot. It takes years to prepare a training program and to train people. Therefore, the most important matter is to take care of people and maintain the cadre force. Later, as the economic situation improves, it will be possible to exchange old equipment, alter military structures, and seek more varied sources of supply.

[POLSKA ZBROJNA] Our economic crisis, the economic difficulties of the other postcommunist countries, and the termination of arms exports to some countries have caused a collapse of our arms industry. What will our Army be equipped with in the future?

[Onyszkiewicz] The obvious requirement is to safeguard an essential minimum of our arms industry, because a complication of the political situation cannot be ruled out, and then even with a lot of money it could be difficult to acquire the necessary weapons and equipment. One should remember what happened in 1939. We had enough money to buy weapons because France had granted us a considerable loan for this purpose, but no one wanted to sell us any. Each country needed its weapons for itself.

[POLSKA ZBROJNA] So the question is not whether or not we should safeguard the Polish arms industry, but how we should safeguard it.

[Onyszkiewicz] It seems necessary to preserve an essential core of this industry and to abolish the reserve production potential in civilian industry that has never been used but was, nevertheless, considered essential.

I wish to make it clear that in their talks, the defense ministers of Poland, Czechoslovakia, and Hungary expressed a desire for closer cooperation in arms production and acquisition. A study is being made of the possibilities in this sphere, and hopefully it will result in concrete undertakings.

[POLSKA ZBROJNA] You are a deputy in the present Sejm and are also running for a seat in the next Sejm. Which election list are you on?

[Onyszkiewicz] I am once again running for a seat in my Przemysl constituency, and I am on the Democratic Union list. Although I do not belong to the Union or any other party, and never have, the Union's program is closest to my way of thinking, and that is why my name is on that list.

[POLSKA ZBROJNA] But how can one reconcile that with the principle of as non-political and non-party Army? In the future, it might be necessary for you to act inside the Democratic Party's deputies' caucus, adopt a specified stance, and vote in a specified way. You would then, as a military man, be pursuing the politics of a specific party.

[Onyszkiewicz] I am greatly in favor of the Army's non-party status. I think the Army is an instrument of the state and, as such, it must distance itself from various party debates, because it must preserve its cohesion. Squabbles and debates would weaken its cohesion and

that, in turn, would weaken society's trust in the Army as a national force. That is why I oppose political activity by professional soldiers.

That has already been written down in the law that the Sejm has already passed, but that still requires the Senate's assent and the president's signature. Until now, political activity by professional soldiers was never banned by law, but I hope professional soldiers will accept the will of the Sejm, which adopted the law by a great majority, with only a few votes against.

I would like to return to the essence of the question and say a few more things about myself. I am not a professional military man, so my situation is different. I am a civilian politician and, in the future, there will be room for people like me in the civilian-military stream of the Ministry of National Defense. One cannot expect the minister to be entirely apolitical. He has to be a politician because he takes part in the government's work; the government makes decisions, and the minister votes, not only on defense matters but on other matters as well.

That is the intention behind the Army's separation from the Defense Ministry, so that the Army may remain on the sidelines of any political disputes, and the minister and his ministry can be the sole political elements.

Planning Office: Exports Needed To End Recession

LD2310035191 Warsaw PAP in English 2159 GMT 22 Oct 91

[Text] Warsaw, Oct. 22—According to economic forecasts for the years 1992-1994 worked out by the Central Planning Office (CUP), the pace of overcoming recession in Poland depends on increasing exports.

CUP admits the stabilization programme succeeded to quench hyperinflation but also caused a drop in production. Therefore, the state should continue the move towards a market economy but also it should launch intervention instruments aimed to halt recession, or otherwise the reforms might be threatened.

The CUP forecast says the economic policy should aim at increasing competitiveness, mainly by means of a stable financial, tax, credit and price policies. Competitive firms would receive credit assistance but not subsidies.

According to CUP, a general privatization, combining ownership changes with restructuring and modernization, should start next year.

Meanwhile, data released by the Main Statistical Office (GUS) on Tuesday show that the participation of the private sector in six economic branches grew from 39.5 per cent to 44.8 per cent over the nine months of this year, while industrial sales in this sector increased from 17.3 to 22.1 per cent. However, the share of private firms in investments dropped from 41.3 to 40.4 per cent.

Production dropped in 20 from 23 industrial branches. With diminishing demand for national products, firms have accumulated large reserves of finished goods.

From January to October Polish exports grew from 4.9 to 13.8 per cent, but only turnover with EC members was greater while exports to other countries dropped significantly. Imports continued to be large.

In September the real wages were by over 31 per cent lower than last December, while prices in that time grew by nearly 65 per cent.

According to GUS President Bohdan Wyznikiewicz it is hard to say whether the Polish economy is beginning to recover as individual statistical indexes are contradictory. "It is a feature of an economy in the transitory period," he declared.

Skubiszewski Reports on ROK, PRC Visits

LD2110201991 Warsaw Radio Warszawa Network in Polish 1800 GMT 20 Oct 91

[Interview with Polish Foreign Minister Krzystof Skubiszewski by reporter at Warsaw airport on 20 October—recorded]

[Text] [Announcer] Krzysztof Skubiszewski, head of our foreign ministry, returned today from his trip to South Korea and China. This is what the minister told journalists waiting for him at the airport:

[Skubiszewski] First, I went to Korea. This was the first visit by the Polish minister of foreign affairs to the state with which we established diplomatic relations almost two years ago. During this visit, we discussed different political issues. However, I laid special stress on the economic issues, because in Korea we still have credit guarantees to the amount of $400 million that were granted to us two years ago. Certain economic moves are required here: well, I was assured that these guarantees are still at our disposal.

Furthermore, I also asked the Korean government to open the already existing credit of $50 million for the improvement of the telephone network in the Opole voivodship; this is a very important project.

Well, as far as China is concerned, there were also successful political talks, but economic issues also received prominent position. Polish and Chinese turnover, is, in my opinion, unsatisfactory, although there is a certain improvement, and we discussed ways of improvement in this sphere.

[Reporter] Minister, did speeches of some of our parliamentarians who visited China before have any influence on the warmth of your visit in China?

[Skubiszewski] No, I was well received. China wants cooperation with Poland—a normal international cooperation without any ideological elements. We are interested in peaceful solutions to different conflicts influencing the global situation. Here, China played a significant role, both in the Persian Gulf conflict and on the issue of Cambodia. Moreover, there are certain possibilities for improvement in our cultural cooperation. Naturally, we are interested in different international issues, not only bilateral ones.

Slovenia's Foreign Minister Meets Bielecki, Press

LD2310032691 Warsaw PAP in English 1906 GMT 22 Oct 91

[Text] Warsaw, Oct. 22—Slovenian Foreign Minister Dimitri Rupel said Tuesday that seeking support for the recognition of Slovenia's independence was the main aim of his short working visit to Warsaw.

Minister Rupel told newsmen that Slovenia is now "a practically sovereign country" and "freed from occupational forces". He also noted that Yugoslavia as a state ceased to exist following The Hague conference and ruled out the possibility of Slovenia's participation in a confederation or common market that four Yugoslav republics might form.

On Tuesday Minister Rupel met with Poland's Prime Minister Jan Krzysztof Bielecki and speakers of the lower and upper house of Polish Parliament, Mikolaj Kozakiewicz and Andrzej Stelmachowski, respectively.

Minister Rupel said that his talks with prime minister covered the process of transition from the socialist to free-market economy, privatization and exchange of specialists in those fields.

Nastase Discusses Personnel Problems, SFRY

AU2210171991 Bucharest TINERETUL LIBER in Romanian 19-20 Oct 91 p 3

[Interview with Foreign Minister Adrian Nastase by Anca Munteanu; place and date not given: "Professionalism Is Acquired Throughout Years and Years"]

[Text] [Munteanu] There are numerous things that can be achieved even with the limited funds at your disposal.

[Nastase] Undoubtedly. First, we should probably encourage our diplomats to be more active and aggressive, but this is something that depends on the difference between generations and customs. It is difficult to change people in a relatively short time. For many of them it was easy to change. For some it was more difficult. Unfortunately, not all of those who remained in the ministry proved suitable. Many cannot adjust, others make blunders. There is a certain professionalism which has to be acquired over years and years. Generally speaking, one should judge people in good faith and benevolently. Certainly, a diplomatic team cannot be changed overnight. I can cite as examples other countries in East Europe which have hardly changed anything in their diplomatic teams. This applies to any of the countries like Hungary, Poland, Czechoslovakia, and so forth. Formerly, diplomats were seen somewhat as soldiers of the foreign policy. If they were changed, the armies in all those countries would have to be changed as well. This is not possible. What is important is that people should have good faith and the desire to change. This has always and constantly surprised me in journalists. They believed that they were the only ones able to change, and never thought that people working in other institutions are able to do the same. All journalists changed from left to right all at once. They changed and became cultured and moral. The others, however, had to be fired and replaced. How? I don't know, probably by importing diplomats! We have to be tolerant in this respect. We tried and succeeded in establishing excellent relations with the press. In my view, perhaps also because of the weekly news conferences, the desire to inform, and because of the opening toward the people. Recently, we compiled the consular and diplomatic year book. This to me seems the best proof of transparency! As far as the formulation of our internal documents in the ministry is concerned, we have begun to apply a new system of reports and memoirs which is also linked to a change in mentality. A different style, a different language, and a different, more concrete, and more transparent and direct way of operating. These are things linked to the constant change. Further progress, however, is necessary in everyday matters. At this point we are trying to get used to this part of Bucharest where the ministry has moved. I have tried to bring along works of art. We receive donations—recently the ambassador of South Korea donated a copy of a very beautiful ancient golden crown. We are trying to adapt the new building into which we have moved to the aims of our activity. We want it to be a place of both culture and labor. We have already introduced an internal television program featuring foreign news programs, so that people are informed about current events as swiftly as possible. We are also computerizing all directorates and we have a project to computerize communication with our embassies.

[Munteanu] You also receive foreign visitors. Recently Dalton Stirling from the Foreign Office visited and held a few conferences on the computerized preservation of archives. During a talk, he told me that he was impressed with the professional and "linguistic" standard of those he met. He was referring to the high standard of speaking foreign languages.

[Nastase] Yes, we are trying to get modernized as much as possible and as soon as possible.

[Munteanu] Yes, and I would say that the efforts, or rather the results, are obvious. Mr. Minister, what is the method of appointing an ambassador in Romania?

[Nastase] It may sound strange, but usually the name crops up just like that. It crops up at a given point in connection with a certain position, someone suggests a name, which then begins to "hit a cord" in the minds of those who made decisions. Actually, the group of people who participate in the appointment of an ambassador either on the basis of an initiative or procedure is—from the bottom to the top—the foreign minister, the Parliament's Foreign Policy Commission, the prime minister, and the president. Usually, consultations take place and when the idea has strengthened, the established procedure begins. Unfortunately, we have problems finding people....

[Munteanu] Competent people?

[Nastase] Not necessarily competent ones. Those whom we would like to send abroad do not want to leave, because they have their professional interests here in the country. It also involves a question of administration, because an ambassador spends half his time with administrative matters rather than important affairs of state. Thus, an ambassador has to be a good administrator. Then there are the elements of credibility and experience. Unfortunately, at this point we have 18 vacant ambassadorial posts. We have to create a "reserve" of ambassadors, so to say. As a matter of fact, soon we will hold a meeting of the ministry's consultative council, during which we have to decide on organizing real training for ambassadors. We also want to train the wives of ambassadors. They have to know very many things to be able to contribute to the success of the mission.

[Munteanu] Mr. Minister, returning to international issues, I would like to know what you think about the international arbitration project on border problems. For the time being, also because Romania insisted, this project has been dropped. The situation in Yugoslavia, however, which is constantly deteriorating, could bring it back on the agenda. What could the consequences be for Romania?

[Nastase] To focus on the arbitration issue seems to me somewhat forced, because the question of seeking a solution to the Yugoslav problem is much more complex. I am very well acquainted with this subject. I dealt with it for a long time, and by virtue of the experience I gained I can tell you that the solution to this conflict can

only come from within the country. I do not believe that today we can return to 1815 and the Congress of Vienna. In exchange, I believe strongly in assistance and even pressure at a given time, such as a total embargo on weapons deliveries. I also believe in the responsibility of neighboring countries not to get involved or fuel the conflict. These are things that belong to the moral obligation of good-neighborliness...

[Munteanu] Which we apply.

[Nastase] We do indeed, and I hope that all others will do the same, because it is very clear that the conflagration in Yugoslavia might expand to other areas at a certain point. I continue to believe that the solution can only come from within as long as the outside world will display determination, based on principles and by no means on force.

[Munteanu] Although I still have some questions, I think it is better to leave them for another time. Thank you for this interview.

Interview With Senator Voican-Voiculescu on Riots

AU2210122591 Bucharest AZI in Romanian 12 Oct 91 pp 1, 3

[Interview with Senator Gelu Voican-Voiculescu by Lucia Verona; place and date not given: "I Have Abundant Proof"]

[Excerpts] [Verona] Mr. Senator, did you go to the Jiu Valley between 13-15 June 1990?

[Voican-Voiculescu] No. This is the latest insinuation to discredit me now by taking advantage of the groundless assumption that I had called the miners last year. This, because at that time—as deputy prime minister—I was in charge of the Ministry of Mines and because I had worked at that ministry before that. My presence in the Jiu Valley before 13 June is a downright lie that was invented following the events of September 1991. [passage omitted]

[Verona] Why is it that the opposition, which last year accused those in power of having called the miners, is now convinced of a spontaneous move by the miners and actually rejects even the idea of the miners being manipulated by the extreme left?

[Voican-Voiculescu] Strangely enough, probably because the opposition rejects good faith and truth, which is always more simple and handy. Thus, it is doomed to never find the truth. Hypocrisy dictated by the situation probably prevails over lucidity. Or maybe it actually is unable to sense truth. [passage omitted] Maybe there are reasons—which we fail to see—for which the extreme left and the communist reactionaries are spared exactly by the opposition, which—when it comes to words—is so radically anticommunist.

[Verona] It was also suggested that the putsch had been staged by those in power....

[Voican-Voiculescu] This is absurd. Why stage a putsch against itself? To seriously harm Romania's image in the world? Were those in power unable to change the government team in a different way? Did they have to choose such a twisted and damaging solution? Then, it was the government that got into a mess through these riots, correct? Who comes up with the idea of such risky experiments? It is aberrant. [passage omitted]

[Verona] Why?

[Voican-Voiculescu] I mean, the unsound tendency to mentally and retroactively order all sorts of events in an implausible succession leading to abusive actions. [passage omitted] I remember the—similarly stupid—version according to which I had organized the 18 February 1990 attack on the government. What remained to be added was that I had attacked myself.

[Verona] As far as I can see, you are very good at disassembling the mechanism of interpretation. What about your speech in Parliament? Is it part of the same tendency?

[Voican-Voiculescu] I was waiting for this snare. Certainly, I, too, organized information material in a version that may be blamed for its coherence. [passage omitted] What I presented had enough weak points because of lack of information, and some elements were also left in suspense. [passage omitted] On the whole, I was sure that I was presenting things and events on the basis of information which, after being officially registered, was confirmed by the occurrence of what had been anticipated. Briefly put, I presented a version of what had happened not on the basis of interpretations, but on the basis of the fact that those events indeed happened. [passage omitted]

[Verona] I know that you enjoy parliamentary immunity. However, do you have any proof of what you stated?

[Voican-Voiculescu] Despite my parliamentary immunity I said that I assume responsibility. Obviously I do have proof. Without proof I would never have come forward with this disclosure. [passage omitted]

[Verona] After Mr. Virgil Magureanu [chief of Romanian Intelligence Service] set the tone and referred to you as a writer of detective stories, we are witnessing a reassessment of what you said. In the meantime, have you produced new elements?

[Voican-Voiculescu] Certainly, the first normal reaction is doubt, especially when facing shocking revelations. However, after some reflection many people thought that what I had said was at least plausible. Then, naturally each of them received all sorts of confirmations or remembered a number of things in my favor. Thus doubt made room for global acceptance. In connection with new elements, I have to tell you that, although there have been some, I have put a lot of data, which was neutralized in my report, at the disposal of the legal authorities. I did not publicize it or the new elements. Even if they strengthen the conviction of the given authorities, many

of them will not serve as proof against the people in question. Many culprits will be acquitted for lack of proof.

[Verona] President Iliescu changed his initial position and even said that you had imprudently warned the putschists.

[Voican-Voiculescu] That is correct. However, one has to bear in mind to whom he gave the first slightly deprecative answer.

[Verona] Are you referring to a possible Soviet "indisposition?"

[Voican-Voiculescu] Yes, although it is not justified, because I referred to the convention with those conservative communist circles, which organized the unsuccessful state putsch of 19 August 1991. As a matter of fact, I can only regret that everything passed so quickly, because had it lasted at least 10 days, all those whom I have mentioned would have become obvious to everybody, and I would not have had to expose them. [passage omitted]

[Verona] Do you believe that what you said is more convincing than simple affirmations?

[Voican-Voiculescu] I do not want to reiterate the thing about immunity, proof, and so forth. [passage omitted] To all skeptical people I recommend reading the review EUROPA, especially this year's issues. [passage omitted] The reader will find that the venomous pages of this extremist publication include the entire program that led to what I said in my report, and even more. Its latest issues contain overt encouragement and clear instigations that predicted the events that followed. He who has the patience to study the subject will clearly note that everything is in there. He will also note another small detail, namely that any reference to Soviet agents is carefully avoided. [passage omitted] This is what makes EUROPA and ROMANIA MARE different. [passage omitted] The two publications are similar only through their violence, but they serve different purposes. [passage omitted]

[Verona] Have you asked for Mr. Magureanu's resignation?

[Voican-Voiculescu] Not at all. I think that you confuse things. [passage omitted]

Hungarian Reportage on Anti-Hungarian Sentiment

UDMR Views Latest Actions

AU2210163591 Budapest MAGYAR HIRLAP in Hungarian 19 Oct 91 pp 1,2

[Interview with Lajos Demeny, Attila Verestoy, and Karoly Kerekes, parliamentary deputies of the Democratic Union of Hungarians in Romania by Tibor Bodgan in Bucharest; date not given: "Hungarians in Romania on the Parliament Report—Every Part of It Is False"]

[Text] Although the parliamentary group of the Democratic Union of Hungarians in Romania [RMDSZ—UDMR in Romania] left the Parliament chamber on 17 October when their warnings were ignored, a warning according to which the direct broadcasting of this unilateral report could have an extremely detrimental effect on the Romanian public opinion and could lead to tensions with unforeseeable consequences, the RMDSZ members present in the Parliament are well aware of the contents of this document because they had the opportunity to read it in the form of a brochure.

A few members of the RMDSZ parliamentary faction gave us an interview about this report and Petre Roman's television speech full of anti-Hungarian elements broadcast on 17 October.

Senator Lajos Demeny evaluated the 137-page document as follows:

[Demeny] This report is all false, its historical review is absolutely unilateral and false, and it is full of biased elements. Its live broadcast on radio and television caused considerable damage to the Romanian-Hungarian relations, and it also hinders the RMDSZ approach to the other opposition parties, and this could cause great damage to the interests of Hungarians in Romania on the eve of upcoming elections. It is particularly worth condemning the fact that this document accuses the entire Hungarian national minority. However, I hope all this will only encourage the Hungarians in Romania to cooperate even stronger.

[Bogdan] In your opinion, will this report be debated in Parliament next Thursday, as promised?

[Demeny] Aware of the working style of the Romanian Parliament, it is impossible to give a clear answer to this question now. In any case, the best for us would have been a parliamentary debate immediately after submitting it to the Parliament on 17 October, also televised and broadcast live. Although Senate President Alexandru Birladeanu promised to also invite radio and television coverage of the debate on the text of the aforementioned report, it is not at all certain that radio and television would again come to the debate.

[Bogdan] What made former prime minister Petre Roman speak on television about the alleged anti-Romanian atrocities of the Szeklerland Hungarians in detail, so quickly after the television broadcast of the report?

[Demeny] In my view, this is quite clear: I think that Petre Roman also participated in formulating this report, and he also played a role in timing its publication precisely for the current tense period. He wants to make election capital for himself from everything, and he not only endeavors to completely isolate the RMDSZ but also wants to break the unity of the opposition.

Senate Secretary Attila Verestoy, Harghita county RMDSZ senator, regards this report harmful primarily because it greatly misleads those who are now aware of the realities of these two counties.

[Bogdan] To what extent are the "scientific" data in this document reliable?

[Verestoy] This report is full of lies and ill-intentioned misinterpretations. It clearly regards the unfortunate murders of 22 December as anti-Romanian, although three out of seven victims were Hungarian, and this fact excludes the possibility of an ethnic background to these crimes. The document also keeps silent about Hungarian policemen who were also driven away and about numerous examples in which Szeklerland Hungarians defended Romanian policemen.

[Bogdan] What effects could this report have on the relations between the majority population and the Hungarians in Romania?

[Verestoy] I am afraid that this document did not do any good for future rapprochement between the two nations. In my opinion, we are talking here about some kind of exaggerated campaign action whose authors have forgotten that the most important thing for the country at this moment would be to ensure stability; nor do they consider the fact that emotional politics have already caused great damage to Romania.

We asked RMDSZ deputy Karoly Kerekes about the reason behind the departure of the RMDSZ parliamentary group from the hall.

[Kerekes] The Hungarians as a whole have been accused here and, therefore, we could not participate at the presentation of this document. Two RMDSZ deputies remained in the hall to submit our counter-report. In my opinion, this meeting should not have been broadcast live, because all this has considerably upset and misled the Romanian public. However, I trust the Romanians, and I am sure they will not take up the challenge. I repeatedly witnessed cases in which simple people said that the leadership should better deal with the country's tragic economic situation.

[Bogdan] Could you tell us a few words about the RMDSZ counter-report?

[Kerekes] In my opinion, our report fulfilled expectations. I hope this short document succeeded in convincing the majority of the Romanian public that the Hungarians in Transylvania are not enemies of this country.

[Bogdan] What consequences could this unilateral report have for Romanian-Hungarian relations?

[Kerekes] At the moment, it is certain that the report succeeded in inciting the Romanians against us. However, the emotions will certainly diminish with time, and normal relations will perhaps prevail again between the two nations. It is also certain that these latest events will encourage the Hungarians in Romania to cooperate even more closely.

Parliament Discussion Viewed

AU2210161591 Budapest MAGYAR NEMZET in Hungarian 19 Oct 91 p 2

[Article by Janos Gyarmath: "The Black Day of Hungarians in Romania—Power Considerations Behind Recent Tensions"]

[Text] Romania lived through terrible hours that destroy nerves and soul on Thursday, 17 October, a day that will undoubtedly be mentioned as a black day in the history of the Hungarians in Romania. While, despite the protests of the Democratic Association of Hungarians in Romania [RMDSZ—UDMR in Romanian, the two chambers of the Romanian Parliament were discussing a report on the alleged persecution of Romanians in Harghita and Covaszna Counties prepared by a special committee set up at the end of last year, a meeting carried live on television (a meeting only attended by half of the deputies), streets were emptied and work stopped in factories in many towns in Transylvania, and fear prevailed everywhere. The 137-page document with a 98-page appendix has turned into a huge indictment, and every line in this document suggests that, in the days of the December 1989 revolution, the Szeklers did not recoil from any means, including murder, in driving the Romanian population away from this area, with the full knowledge and obvious support of the local leaders, the RMDSZ officials, clearly with the aim to later create autonomy here and separate from Romania.

This picture must have obviously caused an uproar among the Hungarian and Romanian population alike. Under the attack of false accusations, the former justifiably felt that the dark days of dictatorship were upon them again; as always when they hear about the Hungarians' "treacherous" actions, the latter think that these are new machinations coming from Budapest. Unfortunately, except for some faint sentences calling for calm, the government did not even try to dissipate the tense mood and, with their statements, the new prime minister Theodor Stolojan, President Ion Iliescu, and National Salvation Front Leader Petre Roman only added fuel to the fire, and this leads to the clear conclusion that this issue, the stressing of the Hungarian danger that has been on the agenda for weeks, ever since the government crisis, is part of a previously coordinated and gradually implemented scenario. The only question is: What is their intention this time? What does the government want to achieve with this incitement to hysteria and this increase in the anti-Hungarian mood? Is the government trying to hide its own incompetence, or is it pursuing a more distant target?

One explanation, perhaps the simplest and most tangible one, could be that they are trying to divert the attention of the population from the everyday problems. This is the way many Romanian politicians and publicists explain it, too. However, others think that there are different intentions behind all this, namely an attempt to break up and divide the opposition forces by means of a

new diversion. One way or another, they already succeeded in gaining the support of the National Liberal Party. This leaves the RMDSZ, the National Peasants' Party, and the Civic Alliance outside the Parliament to deal with. Therefore, if they could drive a wedge among them or deal one of them some kind of a fatal blow, the National Salvation Front [FSN] would achieve its goal and could avoid a fate similar to the one the Bulgarian voters prepared for their former communist party. Thus, it is not impossible that the anti-Hungarian hysteria deliberately incited for more than a week essentially aims at making the RMDSZ impossible or even banning its activity because its program, statements, and some of its officials' actions are "anti-Romanian", endeavor against this country's territorial integrity, and harm the Romanians' feelings; all this can now be "proved" through the parliamentary debate in connection with the "Szekler autonomy" and the Harghita-Covasna report submitted to the Parliament. Let us not forget that this week began by the senators and representatives of the FSN and the Party of National Unity of Romania demanding the banning of the RMDSZ and court action against its leading figures, like Laszlo Tokes, Geza Szocs, and so on.

All this is also reflected in the recent article written by the famous ethnic Armenian publicist Bodros Horasangian in the newspaper "ACUM" [NOW] in which he comments on the recent government reshuffle: "We know everything, but simple people should not learn about anything. In our view, Mr. Theodor Stolojan's appointment as prime minister to replace the former prime minister will not solve anything. Why? The answer is simple: The people should be replaced, rather than the leaders! Those who keep replacing each other—the old "rotation" of cadres?—to make sure that no person can find the bone that still has some meat. There are a lot of people expecting a ministerial position or other such positions. Whether you like it or not, the accusing grin of despair is visible. After we eat with and try to stay warm with Hungarians, Jews, and Armenians this winter, a beautiful green spring will come upon us in the form of a tricolor." [reference to the Romanian flag]. Let me add that all this is in the center of Europe.

International

'Text' of Markovic Address at Hague 18 Oct

LD2210205991 Belgrade TANJUG Domestic Service in Serbo-Croatian 1552 GMT 22 Oct 91

[Text] Belgrade, 22 Oct (TANJUG)—The Federal Executive Council [FEC] Information Secretariat has passed to TANJUG the full text of FEC President Ante Markovic's statement at the second plenary session on Yugoslavia in The Hague, held on 18 October, which is as follows:

Allow me to thank Mr. Van den Broek; Lord Carrington; Mr. Wijnaendts; and Mr. Vance, as an envoy of the UN secretary general, for their efforts to help us with the solution to our crisis.

Allow me to comment on this issue of the economic area with a few suggestions which I think are very important for future solutions.

I will say nothing new, nothing that is not already known: There is no democracy without a market economy, and there is no market economy without privatization.

Point 3.2 is decisive, but it must refer to all market factors and not only to trade and not only to commodities but to the capital and to work as well.

Second, I also think that I will say nothing new If I say that the extent of the market in a country is commensurate to the extent it opens up and becomes part of the world market.

In this context, it is very important that in Point 3.3, where reference is made to the customs union and where reference is made to a joint internal market without obstacles, the condition for opening to the world and vice-versa, the open world, reciprocal functioning in both directions is required. [sentence as received] Here again this should apply to all market factors and not only to commodities, because should the opposite happen we should not manage to answer properly the questions we must answer.

It has been clearly recorded that all the obstacles hampering free circulation must be eliminated but—I repeat—not only of commodities, as stated in Point 3.5, but of all market factors, meaning also the capital and the work.

In this context, I must say that there is a lack of macroeconomic system and policy—that is, of their coordination within the framework of such a single market without which there is no proper role in the market economy for the state factors, in particular.

Unfortunately, point 3.8 nullifies the good things acceptable in the previous points. The clearing mechanism is not germane to the market economy; in fact, it negates it because the idea of economic areas being shut off is not in keeping with free circulation on the joint internal market, as stated in 3.3, and free commodity trade—I am adding the capital and the labor—in point 3.5 and even less so in the opening to the word trade, point 3.2. In my view and in the view of the team with whom we have been getting ready for this discussion within the FEC, this problem can be resolved with a monetary union with a joint currency. There are no problems then with the aforementioned obstacles, whereas the payment system is simple and is not a barrier to market economy, and it makes it possible for the economy to develop in the full sense of the word.

Besides, we have demonstrated that we are capable of establishing the convertibility of our currency. The results until a year ago were fascinating. Liberalization of prices, trade with the world, bringing the inflation down to zero point, foreign currency reserves, etc., all this is evidence of the viability of the economic area in which these changes will take place. Of course, now much more time will be required for that, particularly in the areas destroyed in the war. Why desist from this objective which alone is germane to the market economy, to start fighting for the convertability of our currency?

In addition, there is the need for a consistent program of support by all factors, the World Bank, IMF, the European Bank, the FAR [Economic expansion aid for Hungary and Poland] program, the EC, the Paris Club, etc., who should organize a professional discussion on the basis of specific evaluations of the situation and of new relations and of new objectives, as well, which, instead of leading us into an economic catastrophe, which is already under way, with a social explosion, will lead into a revival of every republic separately and of us all together, thereby facilitating our association with the EC. Without that, there is no solution to the crisis or a way out of the difficulties in which our country finds itself today.

Instead of being a problem for Europe and the world, we can be a useful and constructive member of the community of European countries because we are and will remain in Europe, regardless of the way we will be organized.

In this context, allow me to say that in all this there is lacking—not only in the economic but also in all other areas, and especially so in the economic area—the so-called transition period, the period during which negotiations are held, a period during which future relations are defined. In this context, I agree that there have been unilateral decisions by some Federal functions. In this context, I would like to point out some interpretations by President Kucan which are not accurate enough. He knows that the Federal Government has never concurred with the monetary system blockade against the banks in Slovenia and Croatia. On the contrary, it insisted that solutions should be adopted which will allow them to function.

As far as I know, this blockade was a formal one, while, in fact, the money issue was proceeding normally, in keeping with what was carried out at the National Bank level.

However, I must say that when Slovenia approved the decision on its own currency, all the republics, without exception, passed their own measures with which they defended themselves against that. I must say that 27 billion dinars were issued in Slovenia. Out of that figure, according to information we have, there were in the National Bank safe deposits [trezor] and in the Social Accountancy Service safe deposits only 7.3 billion dinars; 20 billion dinars are free [slobodan]. Some of those 20 billion dinars have been withdrawn from circulation. There is a team now carrying out a joint inspection into this situation. This money has been canceled, or at least it should have been. If it is not canceled, there will be a constant threat of emerging as canceled money and yet fulfilling the function of real money in other parts of the country.

In view of this, I do not only think it is necessary, but I, in fact, propose expert monitoring to be instituted over the Yugoslav National Bank and the Slovenian Bank.

Because of this, I say that certain rules must be approved for the interim period and that we should all abide by these rules. In the final analysis, if there is a divorce there is law, there are rules, there is a court, there is a jury, there are maintenance payments, and I do not know what other rules under which the divorce must be carried out.

I hope that also inserted into the document will be, how to regulate the relations, including all separation balance sheets during the transition period when the sort of decisions should not be adopted which subsequently put a question mark on the possibility of implementing such a process.

Markovic, U.S. Envoy Discuss 'Lasting Solutions'

LD2210163891 Belgrade TANJUG in English 1459 GMT 22 Oct 91

[Text] Belgrade, October 22 (TANJUG)—Prime Minister Ante Markovic today received U.S. Ambassador Warren Zimmermann at his own request. Ambassador Zimmermann expressed interest in Yugoslavia's economic situation and federal government measures for its improvement, the prime minister's cabinet stated.

The latest meeting of The Hague conference on Yugoslavia and the activities to be undertaken to reach acceptable and lasting solutions to the Yugoslav crisis and future organization of the Yugoslav community were also discussed, the statement said.

'Visible Trade' With Iran Continues To Grow

LD2210145591 Belgrade TANJUG in English 1009 GMT 22 Oct 91

[Text] Belgrade, Oct 22 (TANJUG)—Yugoslavia's visible trade with Iran has continued to grow in 1991. From January to September this year, total deliveries reached 390 million dollars, of which Yugoslav imports accounted for 256 million. In the first eight months of the year, imports from Iran increased by 88 percent, and Yugoslav exports to that country by 31 percent.

Trade with Iran is expected to reach a record value this year and surpass last year's, which was worth nearly 420 million dollars. In 1986, total trade between the two countries amounted to only 191.1 million dollars, according to the Yugoslav daily PRIVREDNI PREGLED.

Yugoslavia imports substantial quantities of crude oil, raw leather, sulphur, nuts, carpets and fabrics from Iran. Products of a higher degree of processing lately dominate among Yugoslavia's exports to Iran, with agricultural products also prominent.

Capital investment projects and exports of equipment and technologies provide additional chances for the engagement of Yugoslav enterprises in Iran.

Federal

SFRY Presidency Meets To Consider Hague Decisions

Kostic Chairs Session

LD2210143291 Belgrade TANJUG Domestic Service in Serbo-Croatian 1241 GMT 22 Oct 91

[Text] Belgrade, 22 Oct (TANJUG)—The SFRY Presidency session opened in the Palace of the Federation at New Belgrade at 1300 [1200 GMT], the Yugoslav Presidency Information Service announced. The session is being presided over by Vice President Branko Kostic in the presence of Presidency members Borisav Jovic, Jugoslav Kostic, and Sejdo Bajramovic. The session is also being attended by SFRY Assembly President Slobodan Gligorijevic; Army General Veljko Kadijevic, federal secretary for national defense; his deputy, Admiral Stane Brovet; and Milivoje Maksic, deputy federal secretary for foreign affairs.

Absent are both Vasil Tupurkovski and Bogic Bogicevic at whose initiative today's session was convened.

As announced, the Presidency is expected to discuss the implementation of the decision adopted in The Hague on 18 October, providing for an unconditional ceasefire, and lifting the blockade on the barracks and other military facilities in the Republic of Croatia. The Presidency will also consider other issues under its constitutional powers.

Kadijevic: EC Solution 'Catastrophe'

LD2210164391 Belgrade TANJUG in English 1414 GMT 22 Oct 91

[Text] Belgrade, Oct 22 (TANJUG)—Yugoslav Defence Minister General Veljko Kadijevic stated today that the solutions proposed by the European Community (E.C.) for Yugoslavia's future were conducive to "a catastrophe."

In his speech to the Yugoslav state Presidency session attended by the representatives of Montenegro, Serbia, and Serbia's two provinces of Vojvodina and Kosovo, Kadijevic, as was announced, said that "Germany, very openly and with pronounced impatience, is attacking Yugoslavia the third time in this century."

He proposed, among other things, that "a mobilization of conscripts and units be carried out at once in keeping with the operational needs of the Yugoslav People's Army."

This way, as he said, it would be prevented to "impose onto the nations committed to continuing their life in Yugoslavia, the unacceptable solutions from the negotiations in progress or in the battlefield, in case the negotiations failed to give results."

Kadijevic Statement to Presidency

LD2210172291 Belgrade TANJUG Domestic Service in Serbo-Croatian 1511 GMT 22 Oct 91

["Full text" of address by Army General Veljko Kadijevic, SFRY federal secretary for national defense, at the SFRY Presidency session in Belgrade on 22 October; quotation marks as received]

[Text] Belgrade, 22 Oct (TANJUG)—Although we do not doubt the good intentions of the majority of the EC member countries, it is regrettable that the solutions offered will objectively lead to a catastrophy, Veljko Kadijevic, federal secretary for national defense, said today at the SFRY Presidency session.

Kadijevic said The Hague solutions imply a definite disappearance of Yugoslavia as a common state and, by implication, of all institutions with Yugoslav character, including the Yugoslav People's Army.

The following is the full text of the speech by Army General Veljko Kadijevic, federal secretary for national defense, at today's SFRY Presidency session and released by Kadijevic's office:

"The federal secretariat for national defense studied the EC document elements of the agreement on a global solution of the Yugoslav crisis and was informed about the course and the outcome of the debate at the plenary session of the international conference in The Hague on 18 October 1991. Although we do not doubt the good intentions of the majority of the EC member countries, we have regrettably come to the conclusion that the solutions offered will, objectively speaking, lead to a catastrophy.

The solutions imply the disappearance of Yugoslavia as a common state and, by implication, of all institutions of Yugoslav character, including the Yugoslav People's Army. They sanction the dismantling of Yugoslavia with the help of a fait accompli policy and, at the same time, threaten the vital interests of those nations which lay store by life in a common state. Under the most serious threat are the unity and interests of the Serbian nation, whose considerable sections will be separated from each other, reduced to the status of a national minority, and exposed to the danger from being exterminated.

The result of such a concept and its implementation would not be the resolution of the Yugoslav crisis but rather a continuation of the clashes and horrific bloodshed. In this light, anyone who favors a peaceful solution cannot accept the model on offer."

It would be an act of political blindness not to realize who, in addition to familiar internal factors, is behind the dismantling of Yugoslavia. Very overtly and with emphatic impatience, Germany is about to attack our country for the third time this century. Its methods have this time been adapted to the present, although there is also evidence of the methods which fascism relied on in World War II. At that time, Germany used a so-called fifth column, but today it is relying on the strategy of indirect action and a whole spectrum of special war methods, while preparing first for an economic and then a military onslaught. The strategic goals of these actions are obvious and known to all. In the current German onslaught, all our people have already paid the price. Some will feel the effects sooner, some later, but the Serbian and Montenegrin people would have to pay an additional price which stems from the revanchist intentions of the opposing side which seeks revenge for defeats in the two previous wars. This should be obvious to all Yugoslav nations and to the international community.

Everyone should begin to wonder why it is that not a single cease-fire, including the latest one, has been observed by Croatia, which uses them instead for preparing fresh military operations. The answer is very simple. The main protagonists of the efforts to dismantle Yugoslavia see the military option as the easiest and, for the time being, perhaps the only way of achieving their strategic goals.

In its document, the EC, in fact, ignores one of the key problems of the Yugoslav crisis. In other words, it was accepted by all that each of our nations has the right to choose where, with whom, and how to live—either in Yugoslavia or outside it. Despite all this, this right is denied to the Serbian nation on the territory of Croatia, where the authorities are intent on militarily defeating and exterminating the Serbian nation by using both the old and new methods which are even more horrific than the genocide methods from World War II. To this end, they have carried out general mobilization and are, at the same time, very generously supported financially, in weapons, politically, and in propaganda by several foreign countries with territorial and other claims against parts of Yugoslavia. This threatens the human and national rights of not just the Serbs

in Croatia but also the rights and the survival of the entire Serbian nation. I hope that it is clear that under such circumstances the interests of all political parties must serve the efforts to protect human and national rights, freedoms, and justice.

Experience shows that military readiness to defend our people's vital interests is the condition whereby equitable solutions will be arrived at peacefully, particularly if the opposing side has already given priority to the military option. Fascism, in whatever garb it may be masquerading, cannot ultimately win.

Despite the fact that, because of the well-known problems in implementing the recruitment obligations and partly also because of the cadre dropout occurring under the burden of dramatic internal friction, the peacetime complement of the Army has been considerably reduced, the Yugoslav People's Army has at its disposal considerable fire and combat capability. It got rid of all ideological veneer. At the same time, it is comprehensively changing from an army of Yugoslavia which is disappearing into an army of Yugoslavia which is emerging and which has every reason to exist. In this context, there must always be a place in it not only for the members of the nations who will remain in Yugoslavia but also for all those Yugoslav citizens who want freedom and democracy and who, for whatever reason, want to fight for a future Yugoslavia and contribute to resolving the Yugoslav crisis without inflaming the civil war further.

I would like to recall that in 1941, when the former Yugoslavia collapsed, its army also collapsed in just a few days. History is not repeating itself now nor will it repeat itself. The form in which Yugoslavia has existed is disappearing, but the Yugoslav People's Army is rapidly being organized as an army of the state which will remain in keeping with the will of the people who want to live in it together and in harmony.

In the Supreme Command Headquarters' opinion, the time has come when adequate political and military measures must be taken clearly, resolutely, and in a coordinated manner. Therefore, I propose:

First, to define clearly as soon as possible and with practical measures to give life to the commitment of all those who are for preserving the Yugoslav state from among the nations who so wish and their legitimate representatives; parallel with this, to carry out a transformation of the Yugoslav People's Army into the armed force of Yugoslavia which will remain;

Second, in the part of the country willing to remain in Yugoslavia, to carry out immediately a mobilization of military recruits and units in keeping with Yugoslav People's Army operational requirements. This must be done in a manner which is legitimate to the utmost, bearing in mind the actual state of the country's legal system. By carrying out the mobilization to the required extent and by applying political, legal, and other measures dictated by the situation, we would prevent unacceptable solutions being imposed on the people who are committed to continue their life in Yugoslavia during the negotiations under way or on the battlefield if negotiations do not produce a result;

Third, the SFRY Armed Forces will carry out consistently the total decision approved by the SFRY Presidency in The Hague on 18 October 1991. If the Croatian side continues to prevaricate over the commitments accepted by The Hague agreement, undertake decisive action with all available resources not desisting until all the blockades on the Yugoslav People's Army barracks and facilities are lifted and efficient protection of the Serb people in Croatia is secured until the final political solution of the Yugoslav crisis," said Veljko Kadijevic, federal secretary of national defense, during the SFRY Presidency session today.

Presidency Adopts Kadijevic Proposal

LD2210165191 Belgrade TANJUG in English 1622 GMT 22 Oct 91

[Text] Belgrade, October 22 (TANJUG)—The Presidency of Yugoslavia has adopted the proposals put forward by Federal Defence Minister General Veljko Kadijevic on a settlement of the country's political-security situation.

General Kadijevic proposed, among other things, that in accordance with the operative requirements of the Yugoslav People's Army, a mobilization of conscripts and units be carried out in the part of the country prepared to stay in Yugoslavia. These and other measures, he said, are intended to prevent any imposition by internal or external force of unacceptable solutions on the peoples wishing to continue living in Yugoslavia.

The Presidency also adopted Kadijevic's proposal that in case of Croatia's continuing to abuse the ceasefire, the Yugoslav Army should launch "determined activities by all available means" until the "final political settlement of the Yugoslav crisis." This does not call into question the peace effort and the quest for political solutions to the Yugoslav crisis, the Presidency pointed out.

Markovic Hague Statements Criticized

LD2210180691 Belgrade TANJUG in English 1556 GMT 22 Oct 91

[Text] Belgrade, October 22 (TANJUG)—The Yugoslav Government on Tuesday determined the positions to be advocated by its representatives at The Hague conference on Yugoslavia resuming tomorrow.

The session, chaired by Prime Minister Ante Markovic, also adopted a report on the government representatives' participation in the preceding meeting of The Hague conference last Friday, the government's information secretariat stated. Other details were not disclosed.

At its meeting yesterday, the Presidency of Yugoslavia found that "in some elements of his statement" in The Hague Markovic "went beyond his competences." The meeting was also attended by the representatives of the Yugoslav republics of Montenegro and Serbia, and of its two provinces, Kosovo and Vojvodina.

Markovic did not respond to invitations to participate in the work of the Presidency since its sessions are attended by only five of its eight members.

Stance on Carrington Proposals

LD2210225591 Belgrade TANJUG Domestic Service in Serbo-Croatian 1700 GMT 22 Oct 91

[Text] Belgrade, 22 Oct (TANJUG)—Bearing in mind the efforts made so far to resolve the Yugoslav state-political crisis and especially the results of the work of The Hague conference on Yugoslavia, whose function it is to offer the appropriate organs in Yugoslavia appropriate "good services" more rapidly to devise generally acceptable solutions peacefully and in a democratic and constitutional manner, within the framework of its constitutional functions and responsibilities, the SFRY Presidency wishes to make its own contribution to the solution of the Yugoslav crisis and clearly express its stance on Yugoslavia's future.

To attain this objective the SFRY Presidency has laid down its stance in relation to Lord Carrington's proposals given in the "Arrangement for a Global Solution of the Yugoslav Crisis" set out in the statement by Dr. Branko Kostic, Vice President of the SFRY Presidency.

The starting points represent the result of work and perception gained by the SFRY Presidency over a period of many months. They are based on the will of the Yugoslav nations expressed during the referenda and in multiparty republican parliaments.

The immediate aim of this document is to set out the basic viewpoints of the SFRY Presidency from which one has to proceed for the solution of the Yugoslav crisis.

At its session on 22 October 1991, the SFRY Presidency laid down the starting points for the solution of the state-political crisis in Yugoslavia, and decided to pass it to:

The SFRY Assembly,

Lord Carrington and all the participants in the work of the international conference on Yugoslavia.

The SFRY Presidency also decided to inform the Yugoslav public of its starting points for the solution of the state-political crisis in Yugoslavia.

I. Basic Principles

Transformation of the Yugoslav state community can be carried out by complying with the following principles:

1. Yugoslavia has existed and has functioned as a state community and as a subject in international law since 1918, while Serbia and Montenegro, which, as independent states, incorporated their statehood into the formation of this state since 1878. (The so-called functional principle of the legal state continuity);

2. Yugoslavia is a UN founder and member, and a member of many general and specialised international organizations. It is the signatory of some most important bilateral and multilateral international conventions and an active participant in all important international activities and maintains diplomatic relations with 153 states of the world. (The principle of existence and expression of international subjectivity);

3. A decision on the transformation of Yugoslavia can only be made on the basis of the will of Yugoslav peoples which constituted it, expressed at a referendum by fulfilling the rights of the peoples to self-determination, including the right to secession and association (The democratic principle);

4. A definitive decision on the state legal status and future reciprocal relations can be made only as a result of the procedure prescribed by the Constitution, that is, in the SFRY Assembly and the republican assemblies heeding the will of the peoples expressed at referenda and in keeping with their specific and joint long-term interests (The principle of legality and legitimacy);

5. During the process of transformation and the fulfillment of the right to self-determination, the equality of all Yugoslav nations and consensual solution of open and disputed questions of reciprocal demarcation has to be ensured without imposition of someone else's will (The principle of the equality and the consensual decision-making on disputed issues).

II. The Aims To Be Attained

The transformation of the Yugoslav community will secure the implementation of the following objectives:

A peaceful and democratic way of resolving the state-legal and political crisis in Yugoslavia; compliance with and protection of the interests of the Yugoslav peoples and their republics which can be threatened by uncontrolled processes and unilateral acts; that joint and separate interests and new quality of life of all the citizens be fulfilled in the optimum way and efficiently in a way which is legitimately established by Yugoslav peoples; the establishment of political and legal conditions which will allow every Yugoslav nation to decide quite freely to stay in the federal and democratically-transformed community or to establish its own sovereign and independent state with the possibility of establishing a union (savez) and association of such states; the opening of a process of reciprocal integration, friendship and cooperation on an equal footing in the interest of all

Yugoslav peoples, regardless of state-legal status they had opted for; and the opening vis-a-vis the world and successful inclusion in progressive civilization and integration processes and in scientific-technological development.

In the implementation of these processes generally accepted rules of international law and the international commitments which were made will be complied with.

III. Possible Outcomes of the Transformation of the Yugoslav Community

1. According to present commitments the Yugoslav community would be transformed into: A Yugoslav Democratic Federation of equal republics and of autonomus communities which expressed the desire to remain within the framework of Yugoslavia as special federal units—with the special status, and—independent and sovereign republics which opted for it, or which will exercise their option through referenda.

All these state communities, or some of them, which have expressed the desire to do so, can set up a confederal union or a union of sovereign states (special association).

2. Such transformation will be preceded by the establishment of a process for the implementation of the right of the peoples to self-determination, including consensual and reciprocal demarcation, on the basis of a demarcation law which will establish the criteria for and the process of territorial demarcation and for the establishment of reciprocal material rights and commitments as well as the guarantees for the implementation of collective and individual rights in future state communities. This act will also regulate the conditions for the functioning of some federal institutions during the interim period, including a possible election and work of the assembly, which will provide a new constitution and which will be composed of the representatives of those communities which want to set up a future joint federal state.

IV. The Regime and the Dynamics During the Transition Period

Until this transformation has been implemented and the whole process completed the functioning of the economic and political system and the unhindered work of the federal institutions will be ensured and in keeping with the constitution and valid federal legal acts.

This transformation will be ensured within the deadlines agreed between the top representatives of the republics and of the federation.

Statement on 22 Oct Session

LD2210203391 Belgrade TANJUG Domestic Service in Serbo-Croatian 1624 GMT 22 Oct 91

[Excerpts] Belgrade, 22 Oct (TANJUG)—An SFRY Presidency session was held in Belgrade today, presided over by Vice President Branko Kostic. The session was also attended by the SFRY Assembly president, the federal secretary for national defense, and the federal deputies for foreign affairs and national defense. The following is the text of the statement issued after the session:

"The SFRY Presidency discussed implementing decisions providing for an unconditional cease-fire and for lifting the blockade of barracks and other military facilities in the Republic of Croatia adopted in The Hague on 18 October 1991.

It was stated at the session that Croatian armed formations had been permanently breaching the current cease-fire, the tenth so far. Following each cease-fire agreement, Croatia would embark on even larger scale combat activities, it declared a general mobilization, and is now insisting on the Yugoslav People's Army's [YPA] complete withdrawal from the territory of the Republic of Croatia.

SFRY Armed Forces members have fully adhered to the cease-fire order of 19 October 1991. In no instance were they first to open fire. Their fire has always been either in self-defense or when they were forced to respond. Between 1200 on 19 October and 2000 on 21 October, Croatian armed formations carried out 34 attacks on YPA units and facilities in which 12 YPA members were killed and 37 injured, 11 seriously and 26 lightly. Although instructed under The Hague decision, the Republic of Croatia has failed to lift the blockade of a single barrack or military facility. Instead, the blockade of some garrisons (in Zagreb, Karlovac, and Sibenik) has been stepped up.

Garrisons and Army installations in the Republic of Croatia remain blockaded, and the normal supply of food, electricity, and water is impossible. The Croatian Defense Ministry representative in the tripartite working group in Zagreb is preventing the question of lifting the blockade on the garrisons from being put on the agenda and is making discussion of this conditional upon the evacuation of YPA units from Croatia first. As is known, according to The Hague decision, lifting the blockade on the garrisons was to be carried out immediately and the evacuation of the blockaded garrisons and installations as soon as possible in accordance with a timetable to be agreed by the tripartite working group in Zagreb. Since the work of the tripartite group is proceeding exceptionally slowly, there is no prospect that the timetable for evacuating the blockaded garrisons and Army installations will be agreed on in the foreseeable future.

The Croatian leadership's deviation from The Hague agreement is also seen in its demand for the relocation of all forces deployed from outside, outside Croatian territory. This was not mentioned in the decision of 18 October.

The Hague decision clearly sets out that the evacuation would only be carried out of the blockaded garrisons. However, the Republic of Croatia continues to demand the withdrawal of YPA units from all garrisons and installations on the territory of the republic. A condition for the withdrawal of YPA units is also, among other things, that combat equipment and other property of the

YPA be left behind, which was not envisaged in any of the documents signed so far.

The Federal Secretariat for National Defense has addressed two letters to Lord Carrington, chairman of the peace conference on Yugoslavia, informing him of the failure by the president of the Republic of Croatia to observe the commitments undertaken in The Hague on 18 October 1991, and with the fact that, seen as a whole, the situation has not in any way changed in comparison with that prior to 18 October 1991, and the conditions in which the members of the YPA in the blockaded garrisons are living have worsened.

In the Republic of Croatia, there is permanent pressure being applied to officers, civilians in the service of the YPA, and members of their families. Demands are being made that they sign a statement of loyalty to the Republic of Croatia by 10 November or after this deadline they will be arrested and treated as enemies. Officers and civilians in the service of the YPA and beneficiaries of Army pensions who receive their pay and pensions through post office savings accounts are being prevented from drawing them so that, as a result of this measure of the Republic of Croatia, they have been put in a very serious situation.

The SFRY Presidency has assessed that the armed formations of the Republic of Croatia have no intention of complying with the commitments undertaken in The Hague on 18 October 1991 either, no more than they had with regard to any of the decisions or agreements on cease-fires so far. The failure to observe the cease-fire, failure to lift the blockade on the garrisons and other Army installations, and the prevention of the evacuation of YPA units from blockaded units and garrisons, as well as the movement and concentrations of armed formations of the Republic of Croatia, also indicate that immediate preparations are being carried out in Croatia for fresh attacks on a larger scale.

The SFRY Presidency has agreed with the assessments of the political security situation in the country and has endorsed the proposals for its solution which have been put forward by Army General Veljko Kadijevic, federal secretary for national defense. [passage omitted]

The SFRY Presidency stresses that this in no way brings into question the peace efforts and the search for a solution by political means to the crisis in Yugoslavia.

At today's session, the SFRY Presidency also established the text of points of departure for solving the state-political crisis in Yugoslavia which have been sent to the SFRY Assembly, chairman of the peace conference on Yugoslavia, Lord Carrington, and made available to the public."

Presidency Warns of Slovenia, Croatia Recognition

LD2210143391 Belgrade TANJUG Domestic Service in Serbo-Croatian 1149 GMT 22 Oct 91

[Text] Belgrade, 22 Oct (TANJUG)—The SFRY Assembly today received a document containing the views and positions of the SFRY Presidency on the declarations of independence by the Republics of Croatia and Slovenia.

In the document, drawn up at the 11 October session, the SFRY Presidency insists that the declarations of independence by Slovenia and Croatia are unilateral and anti-constitutional acts with no direct constitutional or legal effects.

In the Presidency's view, by their secessionist acts Slovenia and Croatia have directly threatened the territorial integrity of Yugoslavia, as the sole internationlly and legally recognized entity, with the republics as its integral parts.

The SFRY Presidency warns that any attempt to recognize Slovenia's and Croatia's actions will be considered flagrant interference in the SFRY's internal affairs and as an act directed against its international status and territorial integrity. At the same time, the recognition of these acts of unilateral secession would be an extremely dangerous precedent with possible fatal consequences for the entire international legal system, the SFRY Presidency states, among other things, in the document on the declarations of independence by the Republics of Slovenia and Croatia.

Proposes Federation Transformation

LD2210214191 Belgrade TANJUG in English 1946 GMT 22 Oct 91

[Text] Belgrade, October 22 (TANJUG)—The Yugoslav Presidency today proposed that Yugoslavia be transformed into a federation of republics and autonomous communities which have expressed the desire to remain within Yugoslavia, on the one side, and independent and sovereign republics, on the other.

The state Presidency—at today's session which was attended by Presidency Vice President and member from Montenegro Branko Kostic, and members from Serbia and its provinces Vojvodina and Kosovo—proposed such a transformation with the aim of securing a "peaceful and democratic path for a denouement" to the crisis in the country. The Presidency proposed that, in the future federation, the autonomous communities which wish to remain in Yugoslavia be "special federal units with special status."

The proposal allows for the possibility that state communities which are formed, or just those which express such a desire, may also enter into special associations such as confederal alliances or alliances of sovereign states.

FEC Accepts Hague Summit Participation, Stance

LD2210161491 Belgrade TANJUG Domestic Service in Serbo-Croatian 1410 GMT 22 Oct 91

[Text] Belgrade, 22 Oct (TANJUG)—The Federal Executive Council [FEC], presided over by Ante Markovic,

today discussed and accepted a report on the participation of its representatives at the conference in The Hague on 18 October, the FEC Information Secretariat announced. The FEC also coordinated the stands its representatives will advocate at the conference in The Hague on 23 October.

Kostic Calls For 23 Oct Crisis Meeting

LD2210214791 Belgrade TANJUG in English 2105 GMT 22 Oct 91

[Text] Belgrade, October 22 (TANJUG)—Vice President of the Yugoslav Presidency Branko Kostic has called for noon tomorrow a consultative meeting of the "most responsible representatives of the peoples particularly interested in preserving and transforming the Yugoslav state community and in ensuring its continuity," TANJUG's reporter learns in sources close to the collective head of state.

The meeting will be held in consequence of the Presidency decisions of October 20, the reporter was told.

No list of invited participants was available this evening, but they are understood to include, besides the Presidency members, also the representatives of the Federal parliament and Government, the Yugoslav People's Army, the Yugoslav Republics of Serbia and Montenegro, and the autonomous regions proclaimed by the Serbian people in Croatia and Bosnia-Hercegovina.

As learned, a number of prominent public workers and scientists have also been invited to attend.

The invited participants have been sent the following papers: Arrangements for a General Settlement of the Yugoslav Crisis (Lord Carrington's proposal), the text of Vice President Kostic's statement at The Hague conference session of October 18, the Yugoslav Presidency guidelines for preserving and transforming the Yugoslav state community, and the text of the statement made by Federal Defence Secretary General Kadijevic at today's session of the Presidency.

The Presidency proposed that Yugoslavia be transformed into several state communities, one of which would be a federation of the republics and autonomous communities wishing to stay in Yugoslavia.

At today's session General Kadijevic proposed, among other things, that the Army be transformed into the "armed force of Yugoslavia that will continue to exist."

Kostic Says Presidency Pushing To Lift Blockades

LD2210213691 Belgrade TANJUG in English 1855 GMT 22 Oct 91

[Text] Belgrade, October 22 (TANJUG)—Vice President of the Presidency of Yugoslavia Branko Kostic today received a delegation of parents of soldiers captured in the republic of Croatia, who told him they have no information about their children for some time now, the Presidency's Information Secretariat stated.

Vice President Kostic said that the Croatian leadership persists in ignoring all ceasefire agreements and added that the Presidency of Yugoslavia will go on insisting on raising the blockade of Yugoslav People's Army barracks in Croatia and exchanging captured soldiers as priority humanitarian tasks. The International and the Yugoslav Red Cross have to get involved in this task even more actively than up to now, he pointed out.

Vice President Kostic promised that everything will be done to bring about the release of captured soldiers.

In this connection the members of the delegation today met with the chief of the general staff of the Yugoslav Armed Forces, General Blagoje Adzic.

Government Submits Refugee Aid Plan to Assembly

LD2210182491 Belgrade TANJUG in English 1355 GMT 22 Oct 91

[Text] Belgrade, October 22 (TANJUG)—Yugoslav Government on Tuesday submitted to the federal parliament a proposal for solving the problem of over 242,000 refugees from the Republic of Croatia.

The proposal points out that solving this problem involved as a necessary pre-requisite an "absolute and lasting ceasefire." It assesses that to take care of the refugees much larger material help was needed and proposed that the Yugoslav Red Cross organization request fresh humanitarian aid from the International Red Cross and the U.N. High Commissioner's Office for Refugees.

The federal government announcement said that a total of 220,522 persons left Croatia's conflict-afflicted areas until September 17.

Of this number, 100,631 (mostly Serbs) went to the Republic of Serbia, while 80,441 went to other areas of Croatia (mostly Croatians). There were 34,438 refugees in the Republic of Bosnia-Hercegovina, and 2,550 in Montenegro, 2,317 in Slovenia and 145 in Macedonia.

Also, there were 6,500 refugees on the mountains of Psunj and Papuk and in the eastern Slavonija region, while in the areas of Lika, Banija and Kordun, where there was also fighting, some 5,000.

About 8,000 persons took refuge in Hungary, some 2,000 in Germany and 400 in Sweden.

Of late there is an increasingly frequent exodus of mostly Serbs from the larger urban areas in Croatia such as Zagreb, Split, Rijeka. It is believed that they have no intention of returning.

TANJUG Rounds Up 22 Oct Battlefield Situation

LD2210215591 Belgrade TANJUG in English 2031 GMT 22 Oct 91

[Text] Zagreb, Vukovar, Dubrovnik, October 22 (TANJUG)—The fragile ceasefire in the Yugoslav Republic of Croatia seems to be stabilizing throughout the republic, except in the area of Dubrovnik, where fierce fighting resumed on Tuesday, and Vukovar, which again proved an exemption in hitherto attempts to enforce a ceasefire.

As reported by TANJUG's correspondent, Croatian para-military groups based at Kupari attacked with guided missiles and sniper fire Yugoslav Army units in the area of Plat and Mlin around 10 a.m. today, following a lull on Monday night.

The Army strongly responded with mortar and tank fire. Army units entered Kupari in the afternoon and pushed forward another two kilometres towards Dubac. They are now 5-6 km from Dubrovnik and are firing at the positions of the Croatian formations in the area of Cibac near Dubac.

A number of Yugoslav Army soldiers were wounded, said the correspondent, while Belgrade radio also reported about a killed soldier.

As reported by Croatian radio, the ship Balkanija, carrying 1,066 women, children and old people, sailed out of the port of Dubrovnik on Tuesday morning towards central and northern Dalmatia.

Over 500 mortar, howitzer and tank shells fell on Vukovar this morning alone, said Croatian radio, adding that the strongest fire was opened from the village of Negoslavci.

Belgrade radio said that the artillery duels began on Tuesday morning after mortar fire was again opened at the Vukovar army barracks. The radio added that an increasing number of Croatian guardsmen were trying to escape the encirclement around the city and get to Nustar and Bogdanovac, outside the area controlled by the Yugoslav Army and Serbian territorial defence units.

The situation on the west Slavonian battlefield was somewhat calmer today than over the past few days but military sources warn that the Croatian forces are continuing re-grouping and building up in the area of Podravska Slatina and Miokovicevo and that large- scale fighting there is yet to come.

Croatian radio, however, believes that the calming of the situation results from the negotiations between representatives of the Banja Luka Yugoslav Army corps and the Croatian forces, held, as claimed, behind closed door. It was allegedly agreed on Monday that the Yugoslav Army should discontinue flying sorties and reconnaissance flights, that both sides should remain on their current positions and that they should not open fire on civilian objects.

In the area covered by the Knin Yugoslav Army corps, no violations of the ceasefire were reported. Negotiations for an all- for-all exchange of prisoners continue.

Slovenia

Assembly Discusses Army Withdrawal, Refugees

AU2210123091 Ljubljana Radio Slovenia Network in Slovene 0600 GMT 22 Oct 91

[Text] Yesterday afternoon, the Assembly Commission for Defense met in Ljubljana. Minister Janez Jansa said that the Army would leave Slovenia as scheduled. Weapons and equipment will be returned to the Territorial Defense forces, the rest of weapons and equipment belonging to the Yugoslav Army will stay in Slovenia until the final accounts are settled. Data about refugees in our republic—there are more than 20,000 of them—were also discussed. They are a great burden for Slovenia. Therefore, it was said that it would be necessary to apply stricter criteria for granting refugee status.

Deputy Discusses Economic Cooperation With USSR

AU2210183891 Ljubljana Radio Slovenia Network in Slovene 1430 GMT 22 Oct 91

[Excerpts] A delegation consisting of the representatives of the Slovene Economic Chamber, Ljubljanska Bank, and the Ministry of Foreign Affairs, has just returned from a visit to the Russian Federation and Belorussia. [passage omitted]

Our correspondent Sonja Znidarsic asked Gojka Ravbar, deputy foreign affairs minister, about the purpose of the visit and about the possibilities for the future cooperation with these markets:

[Begin recording] [Ravbar] The visit of our group was primarily a working one— to create conditions, that is to say, ensure that as many of these agreements [not further specified] as possible are actually realized. On this occasion we visited representatives of the ministries, that is to say, the administrative organs of their governments, and representatives of the banks. We also visited government officials at the level of the federal Government of the Soviet Union. Namely, certain problems still exist and still have to be resolved at this level.

[Znidarsic] You are probably referring to the problems arising from the transition of these markets on the convertible currency [konvertibilna valuta] payment operations. This transition took place at the new year?

[Ravbar] Well, this transition did take place at the new year, at least according to the regulations, but certain projects dragged on after New Year and are still dragging as these are old contracts. However, the problem was to secure payments after such projects have been completed. Namely, our companies were exporting [to the Russian Federation, Belorussia] and in some cases obtained the adequate certificates from the National Bank of Yugoslavia that the export has been realized, but the companies received no payments. Some companies were also not issued with these certificates. We tried to resolve this issue in our talks as well, especially with the

representatives of the Mjeseconombanka in Moscow, which will in the future make the necessary contacts, that is to say, secure the realization of the unpaid old debts the Soviet Union has with their partners abroad. In this matter it is extremely important for us that we try to establish direct relations with the Soviet Union, that is to say, that our partners—I am referring to the partners from Slovenia—receive the debts that, for the time being, have not been paid off yet.

[Znidarsic] Does an interest to increase the exchange of goods exist on both sides?

[Ravbar] Yes, a mutual interest was clearly demonstrated in our talks. The representatives of Belorussia and of the Russian Federation alike received us with extreme hospitality and demonstrated a very high level of readiness for the mutual cooperation and the mutual resolving of all open questions that might arise or are arising from this mutual cooperation. We also reached some actual agreements about how to tackle problems and various issues. I believe that we will reach more agreements in the course of the future phases of cooperation, because I believe that this market is rather important for us. It is also the market on which we can purchase certain goods we are interested in and sell our own goods. However, it is also true that this is not a market abundant in foreign currency, and we will have to behave and organize ourselves accordingly. [end recording]

Croatia

Croatian Army Command Letter to SFRY Presidency

LD2210235191 Zagreb Radio Croatia Network in Serbo-Croatian 2100 GMT 22 Oct 91

[Letter from the High Command of the Croatian Army sent today to the Yugoslav Presidency]

[Text] In connection with the report of the Federal Secretariat for National Defense on violations of the cease-fire sent to you on 22 October, we inform you that the claims made in that report are inaccurate and tendentious. The aim of the report is to transfer the entire responsibility for violations of the cease-fire agreement to the Croatian Army.

However, the truth is that so far the Yugoslav People's Army [YPA] has used every cease-fire to regroup and bring in fresh forces from the territory of Serbia, Montenegro and Bosnia- Hercegovina. All these forces, with the support of the Air Force and Navy have carried out offensive actions with the aim of destroying towns and cities, industrial facilities, and cultural and religious monuments. A part of the units withdrawn from the blockaded garrisons has been brought up to strength with new manpower and equipment, and is again being used from new positions in the aggression against the Republic of Croatia.

In the period referred to in the report of the Federal Secretariat for National Defense there are numerous examples of cease-fire violations and attacks by units of the YPA, Air Force and Navy against the forces of the Croatian Army, and we do not wish to enumerate or to comment on them. However, the destruction of Croatian towns such as Vukovar, Dubrovnik, Vinkovci, Osijek, Karlovac and others, and the destruction of industrial installations, in particular the refinery at Sisak, and the attacks on hospitals and the civilian population, all during cease-fires and truces, represents a precedent in the history of warfare and borders on genocide against a nation simply because it wants to live democratically and freely and to be master of its own affairs.

The claims of the Federal Secretariat for National Defense on the continuation of the blockade on garrisons and the prevention of the movement of Army personnel are not true. The members of the EC mission can assure themselves of this in person. At the same time, the blockade of the ports of Ploce and Dubrovnik has still not been lifted, and moreover they are still coming under fire from artillery weapons and warships. And for every threat that fire will be opened on units of the YPA, which continue to act aggressively, there is the threat that fire will be opened on vital installations in Zagreb and other major towns.

Thus, the report of the Federal Secretariat for National Defense is totally unacceptable and has only one aim, and that is to depict the Croatian Army as the instigator of conflicts and thereby win the approval of the domestic and world public for the continuation of the aggression against the Republic of Croatia.

At this very moment, as we write this, we are receiving reports that units of the YPA have taken the towns of Grabovac and Dreznik-Grad in the Slunj municipality and are advancing toward Slunj itself, says the letter of the High Command of the Croatian Army, which is signed by its head, Colonel General Anton Tus, and has been sent to Lord Carrington, Hans van den Broek, Van Houten, the FEC President, the president of the Presidency of the Republic of Bosnia-Hercegovina, the president of the Presidency of the Republic of Montenegro, the president of the Republic of Croatia, the president of the Republic of Macedonia, the president of the Presidency of the Republic of Slovenia, the president of the Republic of Serbia, and Lieutenant Colonel General Raseta.

Ministry Says 97 Percent of Armed Forces Croatian

LD2210165791 Zagreb Radio Croatia Network in Serbo-Croatian 1500 GMT 22 Oct 91

[Text] The Defense Ministry of the Republic of Croatia today announced that 97 percent of Croatian Army members and Internal Affairs Ministry forces who on all battlefields are defending their country and its democracy are citizens of the Republic of Croatia who have responded to mobilization calls on the basis of the national defense law and have temporarily changed their civilian clothes for uniforms. Among other officers,

specialists, and volunteers, no more than 0.01 are foreign nationals, and even they are mainly of Croatian origin. The Defense Ministry has issued these figures instead of rebutting the latest campaign about an alleged enrollment of mercenaries and instructors of foreign secret services, or of the so-called black internationals, as reported by the Belgrade VECERNJE NOVOSTI. It has been stressed that this is not surprising, but what is surprising is that this report has had reverberations in some British and Italian papers and in foreign news agency reports.

'Terrorist-Spy Group' Uncovered in Zagreb

LD2210150691 Zagreb Radio Croatia Network in Serbo-Croatian 1400 GMT 22 Oct 91

[Text] A terrorist-spy group has been uncovered in Zagreb. According to a statement made at a news conference in Zagreb today by (Vojko Madiraca) criminal proceedings have been instigated against 12 suspects.

Three people in the group are officers of the Yugoslav Army from the security department of the Air Force command; four were employed in the office for the protection of the constitutional order of the Republic of Croatia; one was a senior official of the [Croatian] Internal Affairs Ministry; one is a former policeman with the Zagreb police authorities; two persons were employed by the Croatian Assembly specialist services; and one person is unemployed.

Seven of the suspects are in detention; the other five are at large.

Under a plan codenamed Labrador and conceived in Belgrade, from where explosives, weapons and other subversive equipment originated, the group was to prepare assassinations, subversive and sabotage actions.

The public prosecutor has banned any reporting of the investigation details. The names of the defense lawyers are yet to be announced. The trial is expected to be held in public.

Fighting Continues in Dubrovnik, Surroundings

LD2210200791 Belgrade TANJUG in English 1918 GMT 22 Oct 91

[Text] Herceg Novi, Yugoslavia, October 22 (TANJUG)—Croatian armed forces on Tuesday again attacked Yugoslav Army units with guided missiles and sniper fire in the area of Dubrovnik. The Army responded with mortar and tank fire. There have been no official reports on the casulties as yet but, unofficial sources say that a number of soldiers were wounded.

Lieutenant Vlado Pepic told a group of journalists on the Yugoslav Army positions that the fire was opened from a hotel and some houses in Kupari and that the Army, in keeping with its order, returned fire. "We expect to break the strong Ustasha stronghold there very soon," he added.

Yugoslav Army units combing the area around Dubrovnik daily discover new quantities of hidden arms and ammunition, especially mines and other explosive devices, TANJUG correspondent learned from military sources. A total of 180 kg of TNT, 64 tank and other mines, 90 bombs and 17 shells was found in the area on Monday, said the sources. They added that 100 kg of TNT, 150 kg of industrial explosive "'. itezit" and some 20 anti-tank mines were seized at the village of Zaplanik. A vast quantity of winter clothes and blankets was discovered at the village of Jasika near Plat, said the sources.

Serbia

Novi Pazar Muslim Leader Invited to The Hague

AU2210121791 Sarajevo Radio Sarajevo Network in Serbo-Croatian 2100 GMT 21 Oct 91

[Text] Novi Pazar Radio reported today that Sulejman Ugljanin, president of the Party of Democratic Action for Serbia, will leave for The Hague on Thursday, 24 October. According to this source, the headquarters of the Party of Democratic Action in Novi Pazar has announced that Ugljanin was invited by Ambassador Henri Wijnaendts, personal envoy to Van den Broek, chairman of the EC Council of Ministers, to express stands and demands of the Muslim people in Sandzak within the framework of seeking a peaceful solution to the Yugoslav crisis.

Novi Pazar Presidency Rejects Sandzak Referendum

AU2210153891 Belgrade Radio Belgrade Network in Serbo-Croatian 1400 GMT 22 Oct 91

[Report by Novi Pazar Radio correspondent Mirjana Ajbl]

[Text] The people of this region do not need the referendum on the autonomy of Sandzak that was planned by the Party of Democratic Action through the Muslim National Council. This assessment—which was also expressed during the recent visit by Dr. Budimir Kosutic, vice president of the Serbian Government, to Novi Pazar, Sjenica, and Tutin—was also made by the Presidency of the Novi Pazar Communal Assembly at its session today. At this session, the Presidency also adopted stands from yesterday's statement by the Serbian Government and judged the referendum to be an unconstitutional and unlawful act that has caused great upset to the citizens who make up the population of Novi Pazar, regardless of their national affiliation. The Presidency of the Novi Pazar Communal Assembly believes that peace, equality, and freedom reign here among those of Serbian and Muslim nationality equally, and that all controversial questions can be solved through a legal procedure in the Serbian Assembly.

It was also judged that forces outside this region and Serbia, whose aim is to destabilize this republic, are behind the announced referendum. Therefore, the Presidency of the Novi Pazar Communal Assembly calls above all on the

Muslim people not to be taken in by this obvious political game and not to agree to participate in it.

Bosnia-Hercegovina

Government Discusses Economic Links With Slovenia

AU2210121491 Sarajevo Radio Sarajevo Network in Serbo-Croatian 2100 GMT 21 Oct 91

[Text] At its session this afternoon, the Government of Bosnia-Hercegovina discussed several issues concerning future cooperation with the Republic of Slovenia and formulated bases for talks that will be held with a Slovene delegation on that matter next Wednesday.

The (?equality) and protection of the republic's economy are the two basic elements from which the government proceeded when it formulated its stands for the coming talks which, in the present situation, have a character of interstate talks.

Four groups of questions have priority for the time being: payment operations, a trade agreement, a foreign exchange market and the market rate of exchange of foreign currencies in Bosnia-Hercegovina, and further operations and the future of the main Sarajevo Branch of the Ljubljana Bank.

According to the conclusions, the Government of Bosnia-Hercegovina will advocate a predominantly free exchange of commodities and services, commodity lists in the case of products of strategic importance, a clearing account with a hard currency basis, and reciprocity in all forms of cooperation.

[Word indistinct] difficulties that the republic is facing—the port of Ploce is blockaded, bridges over the Sava are destroyed or closed down, and the oil pipeline is blocked—members of the government have found it easy to agree over one more conclusion. The government must act in a unified manner, regardless of political and party beliefs of its ministers. It must solve the problems it is facing or hand over power to somebody else.

Hercegovina Assembly Sends Letters to Kostic, Army

LD2310074891 Belgrade TANJUG in English 2014 GMT 22 Oct 91

[Text] Trebinje, Yugoslavia, Oct 22 (TANJUG)—The Assembly of the Serbian Autonomous Region of Herzegovina in the Yugoslav Republic of Bosnia-Herzegovina today asked of the Yugoslav state and Army leaderships to make it clear if the country is at war and to specify the war objectives.

The requests were made in open letters sent by the authorities of the self-proclaimed autonomous region to the vice-president of the Presidency of Yugoslavia, Branko Kostic, and the chief of the general staff of the Yugoslav People's Army (JNA) [YPA], Gen. Blagoje Adzic.

So far, 47 JNA soldiers and territorial defence troops have been killed in Herzegovina, 43 of whom during the ceasefires which Croatian paramilitary forces have been violating, the letters say.

"We are prepared to defend our country, but we are being hampered by the signing of ceasefire agreements every time we are in a position to deal the decisive blow to the Ustashas," says the letter to Vice-President Kostic.

The letter therefore asks of the collective head of state to "give up signing useless ceasefire agreements which only bring bloodshed."

The letter to Gen. Adzic says that "many of the casualties have fallen also through the incapacity of commanding officers."

"It would appear that the situation on the front is being dictated by the Croatian leadership, that it is the Croatian leadership that is deciding about ceasefires and continued warring," says the letter and adds that "this practice must finally be stopped."

Bosnian Croats Demand Inquiry of Official's Murder

AU2210115691 Sarajevo Radio Sarajevo Network in Serbo-Croatian 2100 GMT 21 Oct 91

[Text] As is said in the party's announcement issued this evening, the Croatian Democratic Community of Bosnia-Hercegovina addressed the republican presidency and government, as well as the EC observers' mission, with the demand for an investigation into the murder of Nikola Brajic, party secretary in Trebinje. The Croatian Democratic Community also announced that a delegation of Croats from Bosnia-Hercegovina has visited Germany and France and talked with these countries' high state officials about the causes of the Yugoslav crisis.

Bosnia Croats Claim 'Genocide' in Herzegovina

LD2310075591 Belgrade TANJUG in English 1950 GMT 22 Oct 91

[Text] Sarajevo, October 22 (TANJUG)—The Croatian Democratic Union (CDU) branch in Bosnia-Herzegovina claims that a genocide is going on over Croats in this multi-ethnic Yugoslav republic. A statement issued by the party today speaks of the "brutal forms of genocide over the Croatian population in east Herzegovina." "For the most part," Croatian villages in the area "have been burnt down and completely destroyed after the Chetnik orgies," the statement says. It lists the names of CDU members allegedly killed or missing.

The party, which is under strong influence of the ruling CDU in Croatia, calls Yugoslav People's Army members and armed members of the Serbian minority in Croatia "Chetniks."

The coalition government of Bosnia-Herzgovina is made up of the CDU, the Serbian Democratic Party and the Party of Democratic Action which rallies Moslems.

President of the Bosnia-Herzegovina branch of the CDU Stjepan Kljuic today proposed that the republic be divided on the basis of ethnic criteria. Moslems account for 44 percent of the republic's population, Serbs for 31 percent and Croats for 17 percent.

Serbian Romanija Constitutes New Government

LD2210212191 Belgrade TANJUG in English 1934 GMT 22 Oct 91

[Text] Sokolac, October 22 (TANJUG)—The assembly of the self-proclaimed Serbian autonomous region of Romanija today constituted its government and unanimously decided that the seat of the region will be in Sarajevo, capital of the Yugoslav Republic of Bosnia-Hercegovina.

As announced, a draft statute has also been adopted for the "Serbian autonomous region of Romanija" which defines this region as a "democratic and autonomous unit within the Serbian parts of Bosnia-Hercegovina and Federal Yugoslavia."

This region is one of four which were proclaimed by Serbs in the multi-ethnic Republic of Bosnia-Hercegovina.

Serbs account for 31 percent of the population in this republic. Moslems are most numerous, accounting for 43 percent of the population, and there are 17 percent Croats.

The assembly of the "Serbian autonomous region of Romanija," as announced, does not accept the platform and memorandum on the sovereignty of Bosnia-Hercegovina because they are unconstitutional and illegitimate and were adopted against the will of the Serbian people.

Moslem and Croat deputies recently adopted the platform and memorandum on Bosnia-Hercegovina's sovereignty in republican parliament after Serb deputies walked out in protest.

The Romanija region assembly also decided that Yugoslav Presidency member from this Republic Bogic Bogicevic and republican presidency President Alija Izetbegovic cannot represent the Serbian nation and Serbian interests in the state Presidency, at The Hague peace conference, or in the negotiations about the future system of Yugoslavia, the statement said.

Sandzak Autonomy Referendum Examined

[Report by Dzevad Kapetanovic]

AU2210212791 Sarajevo Radio Sarajevo Network in Serbo-Croatian 1800 GMT 22 Oct 91

[Text] In two days time, on 24 October, the residents of 11 Sandzak communes in Serbia and Montenegro are due to start voting on the autonomy of this region. The referendum will last three days. Here is Dzevad Kapetanovic on what the outcome is expected to be and what can be predicted:

[Kapetanovic] The idea on the autonomy of the Sandzak, which stems from the allegedly incorrect attitude of the republics of Serbia and Montenegro to the population of this region, emerged from the Party of Democratic Action in Novi Pazar.

[Begin recording of Rasim Ljajic, secretary of the Party of Democratic Action for the Sandzak] We think that we have satisfied the historical and ethnic principle for full political and territorial autonomy. This means we have many more reasons than the Serbs in the Knin Krajina have, for example.

The Muslim population has always been in the majority on the territory of the Sandzak and the Sandzak has always enjoyed the status of an autonomous region, not to mention an autonomous province, so that we are now not asking for more than what was once taken away from the Muslim people.

The Sandzak was discussed at the Berlin Congress in 1878 and in 1912 in London and then in 1945 in Novi Pazar, but the Muslim people were not consulted on any occasion. Therefore, if the right to self-determination applies to the Serbs in Croatia and to any other people in the country, why would this right be denied to the Muslim people in the Sandzak? [end recording]

On the other hand, Radenko Jokovic, president of the Raska District committee of the Serbian Renewal Movement, thinks that this is a crazy idea and that it is pointless and unnecessary:

[Begin Jokovic recording] The Raska District committee is of the opinion that no autonomy whatsoever is necessary because everyone in this region (?has) his own republic, state, and everything else. We think that the very idea of autonomy provokes new conflicts between the Serbian and Muslim peoples. That is to say, we will not recognize any autonomy in this region. [end recording]

In reply to the comment that the Sandzak had its own autonomy immediately after the Second World War, Radenko Jokovic, leader of the Serbian Renewal Movement for the Sandzak, says:

[Begin Jokovic recording] The Sandzak's [word indistinct] autonomy was created by the Partisans, or more precisely Broz, Kardelj, and Bakaric, so they can be asked about the possible need for autonomy, because they created it and scrapped it after 14 months. However, I would only like to recall that the autonomy at that time was not created as Muslim autonomy, but as the autonomy of the people, primarily the Serbian people, because then there were more Serbs [than Muslims] on the whole of the territory of what the Muslims call the Sandzak and we call the Raska region, just as there is

now, and even the president of the autonomous antifascist council was a Serb [words indistinct]. [end recording]

On the other hand representatives of the Sandzak Muslims do not abandon their ideas. Rasim Ljajic:

[Begin Ljajic recording] In our demand for the establishment of full political and territorial autonomy at the level of the whole Sandzak, we will insist on the Sandzak in its historical and ethnic borders, that means the Sandzak that unites both the communes [words indistinct], six communes in the Serbian part of the Sandzak and five communes in the Montenegrin part of the Sandzak. However, I repeat that we will not be the first to declaratively change the internal borders of the country, but if the Knin Krajina and Bosnian Krajina unite and if any borders in Yugoslavia are changed, we will then demand full political and territorial autonomy.

Apart from that, if there is an escalation of the conflict in Bosnia-Hercegovina, and there is real evidence to show this, in that case, regardless of all our demands, the Assembly of the Muslim National Council will actually and rightfully come into operation and take over all authority in the communes on the territory of the Sandzak. [end recording]

Radenko Jokovic, for the Serbian Renewal Movement:

[Begin Jokovic Recording] If they by chance try to proclaim autonomy they cannot do so only on the territory of the four communes where the Muslims really are numerically stronger, that is [words indistinct], they cannot acquire any autonomy on the whole territory of the Raska land. However, if they proclaim autonomy on the territory of these four communes we will simply ignore them and we will not recognize them. If they start to establish their own organs of law and order and administration, then we will set up Serbian communes [words indistinct] all regions inhabited by Serbs. Of course, (?there will be barriers for them), and we will see where they will be able to go. [end recording]

[Words indistinct] the greatest danger is that in their mutual relations people do injustice to others. In the Sandzak it seems that no one thinks of anyone else. Rasim Ljajic:

[Begin Ljajic Recording] We are trying to make use of all negotiating possibilities. We think that through dialogue and democratic negotiations a compromise solution can be reached because politics actually implies compromise on both sides. I think that a possible opening up of the southern front would at this moment be fatal for Serbia, so that if they have any political feeling, they should satisfy this minimum of our demands. [end recording]

Only Bosnian Oil Refinery Still Out of Action

AU2310110091 Sarajevo Radio Sarajevo Network in Serbo-Croatian 2100 GMT 22 Oct 91

[Text] The only oil refinery in Bosnia-Hercegovina, the Bosanski Brod Refinery, is still not working and is completely uncertain as to when the refinery will resume production. The Adriatic oilpipe is still blocked and this is preventing the transportation of 55,000 tonnes of crude oil from Omisalj on the isle of Krk to Bosanski Brod.

Zenica Steel Mill Ceases Production

AU2310105791 Sarajevo Radio Sarajevo Network in Serbo-Croatian 2100 GMT 22 Oct 91

[Text] Zenica and its economy, particularly the steel mill, which employs about 22,000 workers, is collapsing. A warning to this effect was given today at an extraordinary session of the communal assembly. The assembly concluded that there is an increasing number of starving people in the town. Considering the social and political circumstances, it is feared that the situation will be worsen.

The steel mill has stopped producing steel, iron, and coking coal, and the workers, with the exception of a small number who are looking after the safety of the machinery, have been sent home to wait for better days.

Other enterprises are in a similar situation. The cause of this is the blockade of the port of Ploce and other transportation routes that has prevented the distribution of raw and production materials. In a desperate appeal sent to the federal and republican governments, the government of Croatia, and the Supreme Command, the Zenica assembly deputies demand that the blockade of the port of Ploce be lifted. In a conversation with the steel mill management, Fikret Abdic, member of the republican presidency, promised that the presidency will involve itself much more in solving problems in Zenica and its economy.

Montenegro

Kostic 'Surprised' by Bulatovic Stance on Hague

LD2310014791 Belgrade TANJUG in English 0032 GMT 23 Oct 91

[Text] Belgrade, Oct 22 (TANJUG)—Yugoslav Presidency Vice-President Branko Kostic said tonight before leaving to attend the session of the Presidency of Montenegro, the Yugoslav republic which he represents on the collective state leadership, that he wishes to clear up the reasons for Montenegrin President Momir Bulatovic's agreement to the document for the settlement of the Yugoslav crisis in The Hague.

"I am surprised by Bulatovic's stand. If a misunderstanding is in question, it will be smoothed out soon. If a change of political stand is concerned, I will not respect that stand," Kostic said in a statement which the Belgrade daily POLITIKA publishes on Wednesday.

Bulatovic last week in The Hague agreed to the document on the settlement of the Yugoslav crisis prepared by the European Community and offered by chairman of the peace conference on Yugoslavia Lord Carrington.

Of the six leaders of the Yugoslav republics, Serbian President Slobodan Milosevic was the only one not to accept the document, assessing it as unacceptable and illegitimate because Yugoslavia is erased with it.

In all earlier negotiations on the settlement of the Yugoslav crisis, Bulatovic and Milosevic had advocated a joint concept of a modern federation.

The Yugoslav Presidency at its session on Tuesday chaired by Kostic proposed that Yugoslavia be transformed into several state communities, one of which would be a federation of the republics and autonomous communities which have opted to remain in Yugoslavia.

Opposition Parties Endorse Hague Document

AU2310105191 Sarajevo Radio Sarajevo Network in Serbo-Croatian 2100 GMT 22 Oct 91

[Text] The Yugoslav People's Party, the Party of Socialists of Montenegro, and the Independent Organization of Communists of Montenegro today demanded from the current authorities that they bring the reservists from this republic home. If the authorities are not able to do that, they should say who is empowered to do it.

The representatives of these three parties consider the document put forward by the EC at the last conference in The Hague to be a peace charter, and think that the document is the only alternative to the reality and war in our country. They have also positively assessed the readiness of the Montenegrin authorities to accept this document.

Further Reaction to EC Agreement

AU2210152291 Belgrade Radio Belgrade Network in Serbo-Croatian 1400 GMT 22 Oct 91

[Text] As the continuation of The Hague dialogue about Yugoslavia approaches, a section of the Montenegrin public is becoming increasingly persistent in its demand that the republican parliament reject at an extraordinary session the consent that was given by its representatives to the EC agreement. Jagos Stojanovic reports:

[Stojanovic] If the Montenegro Assembly does not meet before 25 October, when the new plenary session of The Hague conference is supposed to take place, the People's Party will present its views to the people in an appropriate and direct way.

Milo Djukanovic, president of the Montenegrin Government, polemicizes in today's issue of Titograd POBJEDA with those who see a devil at The Hague, and says: The fact that the Montenegro Presidency president voted differently from the Serbian president is a sufficient reason for that section of the public to make serious accusations and blanket assessments. Djukanovic also says: As long as we are the authority in Montenegro we will think with our own heads. The prime interest that will guide us will be the interest of Montenegro and its citizens. Fortunately, this interest is today closely connected with the interests of the imperiled Serbian people in Croatia, and this is and will be the strongest present common denominator of our two leaderships.

In a special article entitled "Cooperation Between Serbia and Montenegro", POBJEDA says that the Niksic steel mill is selling 70 percent of its products in Serbia. The aluminum combine is in a similar situation. The port of Bar is their joint window to the world. Power engineering industries have an agreement on business-technical cooperation for the next 25 years.

The title of another special article in POBJEDA is "Accomplishing the Aim Without Compromise". The article rejects the consent given in The Hague and cites the assembly document of 14 February, when the assembly decided the following: Only the citizens of Montenegro have the inalienable right to decide on their future.

The four parties of the reform block recently stated in Titograd that they support The Hague document. Two famous cultural and scientific workers in Montenegro, Zelibrad Niksevic and Slobodan Vujosevic, today issued a message with entitled: Do Not Sign It. They say that it is illegal to substitute the founding document of the Yugoslav state with The Hague declaration. It is undemocratic to reorganize the state in such a drastic way without asking the peoples and to let an Ustasha regime and the so-called peace forces take care of the rights of the Serbian people in Croatia. This is simply treason.

YPA Troops Evacuated From Slovenia Arrive in Bar

LD2210233991 Belgrade TANJUG in English 2035 GMT 22 Oct 91

[Text] Bar, Yugoslavia, Oct 22 (TANJUG)—The Yugoslav Navy training ship Galeb, with more than 1,000 officers and men of the Yugoslav People's Army (YPA) on board, sailed at about 6 p.m. local time (17:00 G.M.T.) today in the port of Bar in the Yugoslav Republic of Montenegro.

This is the first of four groups of YPA troops to be evacuated from the barracks and other military facilities in Slovenia, under an agreement reached between representatives of the Army and that republic.

Another group is expected in Bar tomorrow on board the Sveti Stefan ferry of the Bar Overseas Shipping Line.

The soldiers, who were met in Bar this evening by officials of the Yugoslav Defence Ministry, will immediately continue on to the barracks designated by the YPA Command.

Macedonia

Vice President Georgievski Submits Resignation

LD2310015291 Belgrade TANJUG Domestic Service in Serbo-Croatian 1543 GMT 22 Oct 91

[Text] Skopje, 22 Oct (TANJUG)—Macedonian Vice President Ljupco Georgievski submitted his resignation today. In his letter to the president of the Assembly, Georgievski proposes convening a session of parliament to consider his resignation.

Georgievski, leader of the largest party in the Macedonian parliament, the Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian Unity, is asking to be allowed to put forward his views at the session on the current political-security situation in the republic.

A statement from Georgievski's office says he submitted his resignation because of his disagreement with the way Macedonian state policies are being conducted.

BORBA Claims Macedonians Show 'Bulgarophilia'

AU2210094991 Sofia BTA in English 2054 GMT 21 Oct 91

[Report by BTA correspondent Nikola Kitsevski: "Serbian Designs on Part of Macedonia"]

[Text] Belgrade, October 21 (BTA)—"Our sole purpose is not to allow them apart of the Macedonian leadership to league with Bulgaria," Mr. Ivan Stoilkovic, one of the leaders of the Serbs in Kumanovo, member of the General Council of the League of Communists-Movement for Yugoslavia, told the BORBA newspaper. According to Mr. Stoilkovic, some members of the Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity displayed "Bulgarophilia" and an "increasingly obvious intolerance of Serbia."

"We are champions of Yugoslav Kumanovo, Yugoslav Macedonia and Yugoslavia. They are only champions of Macedonia and some of them of Bulgaria, too," Mr. Stoilkovic says. In his view, "Serbia will not allow Macedonia to take along the Kumanovo basin tomorrow." He sees Macedonia's ties with Bulgarians and Albanians as dangerous because "no mother would disown her child. Why should Bulgarians disown Macedonia?"

This is a quotation from the fourth part of a report entitled "Macedonia Faces its Own Sovereignty: Kumanovo," which appeared in today's BORBA.